

**TOWNSHIP OF DOWNE**

**CUMBERLAND COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**



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**TOWNSHIP OF DOWNE**  
**PART I**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY DATA**  
**YEAR ENDED DECEMBER 31, 2019**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Township Committee  
Township of Downe, New Jersey

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Downe, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township'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 Downe 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 Downe 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 balances 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, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.



## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Downe'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 29, 2020 on our consideration of the Township of Downe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Downe's internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*

**FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

*Nancy Sbrolla*

**Nancy Sbrolla  
Certified Public Accountant  
Registered Municipal Accountant  
No. 542**

**June 29, 2020**

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**EXHIBIT - A  
CURRENT FUND**

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**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2019	2018
<b><u>ASSETS</u></b>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 1,193,116.57	1,441,647.93
Total Cash	1,193,116.57	1,441,647.93
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	12,688.23	10,110.14
Total Other Receivables	12,688.23	10,110.14
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	167,949.74	228,446.83
Tax Title and Other Liens	371,911.53	411,124.81
Property Acquired for Taxes - at Assessed Valuation	333,300.00	333,300.00
Due from Fairfield Township	58.02	58.02
Revenue Accounts Receivable	-	-
Interfund Receivable:		
General Capital Fund	440,023.86	421,335.86
Trust Fund - Other	1,044.91	-
Federal and State Grants	-	-
Total Receivables and Other Assets	1,314,288.06	1,394,265.52
Deferred Charges:		
Overexpenditure of appropriation	32,550.27	
Expenditures without appropriation		8,498.12
Total Deferred Charges	32,550.27	8,498.12
Total Regular Fund	2,552,643.13	2,854,521.71
Federal and State Grant Fund:		
Cash	75,873.16	76,372.16
Federal and State Grants Receivable	2,019,964.60	822,771.60
Due from Current Fund	356,824.38	469,013.75
Due from Capital Fund	3,500.00	3,500.00
Total Federal and State Grant Fund	2,456,162.14	1,371,657.51
Total Current Fund	\$ 5,008,805.27	4,226,179.22

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2019</u>	<u>2018</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 14,839.69	54,338.30
Reserve for Encumbrances	38,875.13	40,062.88
Prepaid Taxes	99,096.02	85,725.08
Overpaid Taxes	4,123.56	3,852.73
Accrued Payroll Taxes	1,873.04	1,873.04
Escrow Deposits	241.79	241.79
Local School Tax Payable	195,264.91	182,015.01
County Added Tax Payable	289.98	452.74
Special District Tax Payable	4,409.78	-
Due to State - Marriage Licenses	450.00	350.00
Interfund Payable:		
Grant Fund	356,824.38	469,013.75
Trust Fund - Small Cities	11,637.88	11,637.88
Dog Trust	156.46	156.46
Trust Fund - Other	-	-
Trust Fund - Escrow	36,299.43	35,254.52
	<u>764,382.05</u>	<u>884,974.18</u>
Reserve for Receivables and Other Assets	1,314,288.06	1,394,265.52
Fund Balance	<u>473,973.02</u>	<u>575,282.01</u>
Total Regular Fund	<u>2,552,643.13</u>	<u>2,854,521.71</u>
Federal and State Grant Fund:		
Unappropriated Reserves	5,294.37	403,007.00
Appropriated Reserves	2,044,825.74	588,609.48
Encumbrances Payable	26,000.00	-
Due to Current Fund	-	-
Due to Capital Fund	333,465.30	333,465.30
Due to Trust Fund	1,850.00	1,850.00
Other Payables	1.00	-
Reserve for State Grant		
Small Cities Loans	<u>44,725.73</u>	<u>44,725.73</u>
Total Federal and State Grant Fund	<u>2,456,162.14</u>	<u>1,371,657.51</u>
Total Current Fund	<u>\$ 5,008,805.27</u>	<u>4,226,179.22</u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2019	2018
Revenue and Other Income Realized		
Fund Balance	\$ 190,000.00	189,000.00
Miscellaneous Revenue Anticipated	2,415,372.20	640,178.36
Receipts from Delinquent Taxes	191,408.99	95,633.06
Receipts from Current Taxes	3,656,237.61	3,773,967.37
Non Budget Revenue	88,101.39	70,145.74
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	31,759.73	113,023.84
Interfund Returned		15,268.29
Total Income	<u>6,572,879.92</u>	<u>4,897,216.66</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	361,295.62	346,817.88
Other Expenses	651,309.65	573,925.12
Deferred Charges & Statutory Expenditures	64,286.00	50,126.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	601.00	601.00
Public and Private Programs Offset		
by Revenues	1,713,631.31	131,745.08
Capital Improvements	23,179.00	25,220.00
Debt Service	202,184.28	69,745.00
Deferred Charges	-	-
Local District School Tax	1,491,106.00	1,464,606.00
Special District Tax	306,910.00	295,191.00
County Tax	1,682,213.30	1,835,218.87
County Share of Added Tax	289.99	452.75
Interfund Created	19,733.03	-
Total Expenditures	<u>6,516,739.18</u>	<u>4,793,648.70</u>
Excess/(Deficit) in Revenue	<u>56,140.74</u>	<u>103,567.96</u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2019	2018
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	32,550.27	-
Total Adjustments	32,550.27	-
Statutory Excess to Fund Balance	88,691.01	103,567.96
Fund Balance January 1	575,282.01	660,714.05
	663,973.02	764,282.01
Decreased by:		
Utilization as Anticipated Revenue	190,000.00	189,000.00
Fund Balance December 31	\$ 473,973.02	575,282.01



**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 190,000.00	190,000.00	-
Total Fund Balance Anticipated	190,000.00	190,000.00	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	6,700.00	7,360.00	660.00
Interest and Costs on Taxes	25,500.00	44,515.08	19,015.08
Interest Earned on Investments	2,500.00	3,294.49	794.49
Total Section A: Local Revenues	34,700.00	55,169.57	20,469.57
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	208,365.00	208,365.00	-
Garden State Preservation Trust Fund	250,511.00	250,511.00	-
Total Section B: State Aid Without Offsetting Appropriations	458,876.00	458,876.00	-
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations		8,915.31	-
Clean Communities		397,500.00	-
Money Island	7.00	-	-
Recycling Tonnage Grant		-	-
Small Cities Block Grant		-	-
NJ DOT 2017		-	-
NJ DOT Campbell Street		73,000.00	-
NJ DOT Delaware Avenue		200,816.00	-
NJ DOT Newport Streetscape Project		990,000.00	-
USDA - Rural Development Community Facilities Grant		37,900.00	-
USDA	5,500.00	5,500.00	-

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	403,007.00	1,310,624.31	1,713,631.31	-
Section G: Other Special Items FEMA Capital Improvement Fund	316,531.00		187,695.32	(128,835.68)
Total Section G: Other Special Items	316,531.00	-	187,695.32	(128,835.68)
Total Miscellaneous Revenues:	1,213,114.00	1,310,624.31	2,415,372.20	(108,366.11)
Receipts from Delinquent Taxes	114,000.00		191,408.99	77,408.99
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	478,667.00		497,871.32	19,204.32
Total Amount to be Raised by Taxes for Support of Municipal Budget	478,667.00	-	497,871.32	19,204.32
Budget Totals	1,995,781.00	1,310,624.31	3,294,652.51	(11,752.80)
Non- Budget Revenues: Other Non- Budget Revenues:			88,101.39	88,101.39
	1,995,781.00	1,310,624.31	3,382,753.90	76,348.59

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	3,656,237.61
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	3,656,237.61
Allocated to:	
School, County and Other Taxes	3,480,519.29
Balance for Support of Municipal Budget Appropriations	175,718.32
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	322,153.00
Amount for Support of Municipal Budget Appropriations	497,871.32

Receipts from Delinquent Taxes:	
Delinquent Tax Collection	141,589.56
Tax Title Lien Collections	49,819.43
Total Receipts from Delinquent Taxes	191,408.99

Analysis of Non-Budget Revenue:	
Miscellaneous Revenue Not Anticipated:	
Sale of Property	23,550.00
Miscellaneous	12,194.69
Abandoned Property Reg Fee	28,000.00
SC & Veteran Administration Fee	667.92
Zoning maps and applications	5,000.00
Zoning Permits	2,480.00
Property list	50.00
Cable Franchise Fee	4,995.80
Marriage Licenses	12.00
Trailer Park	555.00
Recycling	1,160.70
Copies/OPRA	55.33
Insurance reimbursement	5,377.92
Court fees	4,002.03
Total Miscellaneous Revenue Not Anticipated:	88,101.39

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged	Charged	Encumbered	Reserved	
<b>\$</b>							
<b>OPERATIONS WITHIN "CAPS"</b>							
<b>GENERAL GOVERNMENT:</b>							
Mayor and Committee							
Salaries and Wages	35,005.00	35,005.00	34,999.90			5.10	
Other Expenses	8,000.00	28,127.00	27,586.16			540.84	
Township Clerk							
Salaries and Wages	74,400.00	74,540.00	75,012.21			(0.00)	(472.21)
Other Expenses	25,000.00	25,000.00	24,433.46		1,115.44	-	(548.90)
Financial Administration							
Salaries and Wages	19,500.00	19,830.00	19,829.16			0.84	
Other Expenses	38,500.00	41,527.00	47,798.02		1,978.25	-	(8,249.27)
Audit Services							
Other Expenses	25,000.00	25,000.00	25,000.00			-	
Assessment of Taxes							
Salaries and Wages	20,000.00	21,005.00	21,004.82			0.18	
Other Expenses							
Maintenance of Tax Map	1,000.00	350.00	336.00			14.00	
Miscellaneous Other Expenses	8,000.00	5,500.00	5,085.54		60.49	353.97	
Collection of Taxes							
Salaries and Wages	30,000.00	30,000.00	29,748.60			251.40	
Other Expenses							
Tax Sale Costs	1,200.00	1,200.00	885.50			314.50	
Miscellaneous Other Expenses	5,750.00	5,750.00	5,513.43			236.57	
Liquidation of Tax Title Liens							
Other Expenses	4,000.00	4,000.00	6,300.00			-	(2,300.00)
Legal Services and Costs							
Other Expenses	160,000.00	155,300.00	155,297.32		4,293.00	(0.00)	(4,290.32)
Engineering Services							
Other Expenses	15,000.00	17,000.00	14,365.50		976.00	1,658.50	
Municipal Court							
Other Expenses	9,000.00	9,000.00	7,245.85			1,754.15	
Insurance							
General Liability	20,000.00	28,115.00	28,844.88			(0.00)	(729.88)
Workers Compensation Insurance	18,000.00	6,785.00	6,729.00			56.00	
Employee Group Health	67,900.00	67,900.00	63,139.14		4,864.93	0.00	(104.07)

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries and Wages	3,600.00	3,510.00	3,172.92		337.08	
Other Expenses	5,000.00	3,590.00	3,582.90	400.52	-	(393.42)
Housing Official						
Salaries and Wages	8,100.00	8,200.00	8,197.02		2.98	
Other Expenses	1,000.00	100.00	64.05		35.95	
<b>PUBLIC SAFETY</b>						
Emergency Management Services						
Salaries and Wages	3,200.00	3,200.00	3,090.10		109.90	
Other Expenses	3,500.00	3,500.00	1,952.46		1,547.54	
First Aid Organizations - Contribution	8,000.00	8,000.00	8,000.00		-	
First Aid Organizations - Equipment						
<b>PUBLIC WORKS</b>						
Road Repairs and Maintenance						
Salaries and Wages	89,000.00	89,000.00	88,461.92		538.08	
Other Expenses	50,000.00	43,700.00	37,807.08	3,288.05	2,604.87	
Public Building and Grounds						
Other Expenses	10,000.00	10,000.00	10,000.00		-	(300.26)
Storm Damage and Repair	15,000.00	8,500.00	7,900.38		(0.00)	
Garbage and Trash						
Salaries and Wages	40,000.00	37,400.00	37,458.28		0.00	(58.28)
Other Expenses	65,000.00	71,000.00	64,450.62	11,754.64	-	(5,205.26)
<b>HEALTH AND WELFARE</b>						
Environmental						
Other Expenses	1,200.00	200.00	148.00		52.00	
Historical						
Other Expenses	1,200.00	21.00			21.00	
Dog Regulation						
Other Expenses	12,000.00	11,000.00	10,408.70	400.00	191.30	
Recreation and Tourism						
Other Expenses	1,000.00	200.00			200.00	
Recreation						
Other Expenses						

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Natural Gas	4,000.00	4,000.00	3,508.89	901.50	-	(410.39)
Electric	2,500.00	2,500.00	1,115.00	-	1,385.00	-
Telephone	11,500.00	11,500.00	12,180.05	1,749.05	-	(2,429.10)
Street Lighting	60,000.00	60,000.00	60,865.53	6,193.38	-	(7,058.91)
	<u>980,055.00</u>	<u>980,055.00</u>	<u>961,518.39</u>	<u>38,875.13</u>	<u>12,211.75</u>	<u>(32,550.27)</u>
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>						
Contingent						
	<u>980,055.00</u>	<u>980,055.00</u>	<u>961,518.39</u>	<u>38,875.13</u>	<u>12,211.75</u>	<u>(32,550.27)</u>
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>						
	<u>324,005.00</u>	<u>321,890.00</u>	<u>321,122.93</u>	<u>-</u>	<u>1,297.56</u>	<u>(530.49)</u>
Detail:	<u>656,050.00</u>	<u>658,165.00</u>	<u>640,395.46</u>	<u>38,875.13</u>	<u>10,914.19</u>	<u>(32,019.78)</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
Expenditure without an Appropriation	8,498.00	8,498.00	8,498.00	-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	29,288.00	29,288.00	29,288.00	-	-	-
Social Security System (O.A.S.I.)	25,000.00	25,000.00	23,872.06	-	1,127.94	-
Unemployment Insurance	1,500.00	1,500.00	-	-	1,500.00	-
	<u>64,286.00</u>	<u>64,286.00</u>	<u>61,658.06</u>	<u>-</u>	<u>2,627.94</u>	<u>-</u>
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
	<u>1,044,341.00</u>	<u>1,044,341.00</u>	<u>1,023,176.45</u>	<u>38,875.13</u>	<u>14,839.69</u>	<u>(32,550.27)</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>						
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"	601.00	601.00	601.00	-	-	-
SFSP Fire District Payment	601.00	601.00	601.00	-	-	-

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities	7.00	8,915.31	8,915.31	-	-	
Recycling Tonnage Grant		-	-	-	-	
Local Match		-	-	-	-	
Small Cities Block Grant		-	-	-	-	
Small Cities Match		-	-	-	-	
NJDOT 2017		-	-	-	-	
NJDOT Campbell Street		73,000.00	73,000.00	-	-	
NJDOT Delaware Avenue		200,816.00	200,816.00	-	-	
NJDOT Newport Streetscape Project		990,000.00	990,000.00	-	-	
Money Island	397,500.00	397,500.00	397,500.00	-	-	
USDA - Rural Development Community Facilities Grant		37,900.00	37,900.00	-	-	
USDA	5,500.00	5,500.00	5,500.00	-	-	
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>403,007.00</b>	<b>1,713,631.31</b>	<b>1,713,631.31</b>	<b>-</b>	<b>-</b>	
Total Operations - Excluded from "CAPS"	403,608.00	1,714,232.31	1,714,232.31	-	-	
Detail:						
Salaries and Wages		-	-	-	-	
Other Expenses	403,608.00	1,714,232.31	1,714,232.31	-	-	
(C) Capital Improvements						
Capital Improvement Fund		-	-	-	-	
Office Equipment		-	-	-	-	
Building Improvements		-	-	-	-	
Public Works Equipment	23,179.00	23,179.00	23,179.00	-	-	
<b>Total Capital Improvements</b>	<b>23,179.00</b>	<b>23,179.00</b>	<b>23,179.00</b>	<b>-</b>	<b>-</b>	
(D) Debt Service						
Payment of Bond Principal		-	-	-	-	
Payment of Bond Anticipation Notes	175,000.00	175,000.00	175,000.00	-	-	
Interest on Bonds		-	-	-	-	
Interest on Notes	27,500.00	27,500.00	27,184.28	-	-	315.72
<b>Total Debt Service</b>	<b>202,500.00</b>	<b>202,500.00</b>	<b>202,184.28</b>	<b>-</b>	<b>-</b>	<b>315.72</b>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(E) Deferred Charges		-			-
Special Emergency Authorizations - 5 years		-			-
Total Deferred Charges		-			-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	629,287.00	1,939,911.31	1,939,595.59	-	315.72
SUBTOTAL GENERAL APPROPRIATIONS	1,673,628.00	2,984,252.31	2,962,772.04	14,839.69	(32,234.55)
(M) Reserve for Uncollected Taxes	322,153.00	322,153.00	322,153.00		-
TOTAL GENERAL APPROPRIATIONS	\$ 1,995,781.00	3,306,405.31	3,284,925.04	14,839.69	(32,234.55)
Budget		1,995,781.00		Cancelled	315.72
Appropriations by 40A-4-87		1,310,624.31		Overexpended	(32,550.27)
Emergency Appropriations		-			(32,234.55)
		<u>3,306,405.31</u>			
Reserve for Uncollected Taxes			322,153.00		
Deferred Charge			8,498.00		
Federal and State Grants			1,713,631.31		
Capital Improvements			-		
Disbursements			1,240,642.73		
			<u>3,284,925.04</u>		



**EXHIBIT - B  
TRUST FUNDS**

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**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Dog License Fund:		
Cash	\$ 389.32	625.74
Due from Current	156.46	156.46
Due from State of NJ	48.40	48.40
	<u>594.18</u>	<u>830.60</u>
Small Cities:		
Due from Current Fund	11,637.88	11,637.88
Due from Grant Fund	1,850.00	1,850.00
Loans Receivable	495,764.68	495,764.68
	<u>509,252.56</u>	<u>509,252.56</u>
Other Funds:		
Cash - Treasurer	21,730.28	18,213.35
Cash - Tax Collector	6,434.09	12,800.19
Due from Current Fund	-	-
Due from Current Fund - Escrow	36,299.43	36,299.43
Other Receivables	490.00	490.00
	<u>64,953.80</u>	<u>67,802.97</u>
	<u>\$ 574,800.54</u>	<u>577,886.13</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Reserve for Dog Fund Expenditures	\$ 594.18	830.60
	<u>594.18</u>	<u>830.60</u>
Small Cities:		
Reserve for Small Cities	13,487.88	13,487.88
Reserve for Loans Receivable	495,764.68	495,764.68
	<u>509,252.56</u>	<u>509,252.56</u>
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	4,395.43	10,861.53
Premiums Received at Tax Sale	1,000.00	900.00
Due to Current Fund	1,044.91	1,044.91
Miscellaneous Reserves	58,513.46	54,996.53
	<u>64,953.80</u>	<u>67,802.97</u>
	<u>\$ 574,800.54</u>	<u>577,886.13</u>

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

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**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

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**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 51,564.55	327,882.85
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	2,194,760.00	2,132,260.00
Interfunds:		
Due from Current Fund	-	-
Due from Grant Fund	333,465.30	333,465.30
Receivable		
NJ DOT	360,490.00	360,490.00
	<u>2,940,279.85</u>	<u>3,154,098.15</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	79,499.83	-
Interfunds:		
Due to Current Fund	440,023.86	421,335.86
Due to Grant Fund	3,500.00	3,500.00
Bond Anticipation Notes Payable	765,000.00	940,000.00
Improvement Authorizations:		
Funded	186,751.36	179,835.56
Unfunded	1,316,972.55	1,403,949.48
Reserve for Landfill Closure	45,000.00	45,000.00
Reserve for Debt Service	245.00	245.00
Capital Improvement Fund	94,585.00	151,530.00
Fund Balance	8,702.25	8,702.25
	<u>\$ 2,940,279.85</u>	<u>3,154,098.15</u>

There were bonds and notes authorized but not issued at December 31

2018	1,192,260.00
2019	1,429,760.00

**GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2019</u>	<u>2018</u>
Beginning Balance January 1	\$ 8,702.25	8,702.25
No Current Year Activity		
Ending Balance December 31	\$ <u>8,702.25</u>	<u>8,702.25</u>



**EXHIBIT - G**  
**GENERAL FIXED ASSETS**

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**GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS  
REGULATORY BASIS**

	<u>Balance Dec. 31, 2019</u>	<u>Balance Dec. 31, 2018</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 487,295.00	480,745.00
Equipment	785,700.89	698,660.89
Total General Fixed Assets	<u>1,272,995.89</u>	<u>1,179,405.89</u>
Investment in General Fixed Assets	<u>\$ 1,272,995.89</u>	<u>1,179,405.89</u>

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

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

**A. Reporting Entity**

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

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

**B. Description of Funds**

The accounting policies of the Township of Downe 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 the respect to public funds. Under this method of accounting, the Township of Downe accounts for its financial transactions through the following separate funds:

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

Trust Funds -- 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 facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**C. Basis of Accounting**

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

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

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Revenues -- are recorded as 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 entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

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

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 valued 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. Expenditures for long lived assets with an original cost in excess of \$500 are capitalized.

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.

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

Levy of 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 11th day of the 11th month in the fiscal 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.

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.

Interest on Delinquent Taxes -- It is the policy of the Township of Downe 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.

Capitalization of Interest -- It is the policy of the Township of Downe to treat interest on projects as a current expense and the interest is included in both the current budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory 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.

**D. Required Financial Statements**

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

**E. 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 entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**F. Recent Accounting Pronouncements Not Yet Effective**

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Borough's financial reporting.

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, which is effective for fiscal periods beginning after June 15, 2019, will not have any effect on the Borough's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Borough's financial reporting.

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, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Borough's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the City's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement is effective for fiscal periods beginning after June 15, 2020, with the exception of the provisions affecting GASB 87 which is effective upon issuance, will not have any effect on the Borough's financial reporting.

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2019 and 2018 statutory budgets included a reserve for uncollected taxes in the amount of \$322,153 and \$241,229.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2019 and 2018 statutory budgets was \$190,000 and \$189,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Committee. The following significant budget transfers were approved in the 2019 and 2018 calendar years:

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

<u>Budget Category</u>	<u>2019</u>	<u>2018</u>
<u>Current Fund:</u>		
Mayor and Committee		
Other Expenses	20,127.00	(7,600.00)
Township Clerk		
Other Expenses		(6,746.00)
Financial Administration		
Other Expenses		20,500.00
Legal Services and Costs		
Other Expenses		96,399.00
Engineering Services		
Other Expenses		(12,554.00)
Insurance		
General Liability	8,115.00	
Workers Compension Insurance	(11,215.00)	
Garbage and Trash Removal		
Salaries and Wages		(10,000.00)
Other Expenses	6,000.00	(28,422.00)
Road Repair and Maintenance		
Other Expenses	(6,300.00)	(16,300.00)
Public Buildings and Grounds		
Other Expenses	(6,500.00)	(13,000.00)
Dog Regulation		
Other Expenses		(8,500.00)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2019 and 2018, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2019</u>	<u>2018</u>
NJDOT Campbell Street	73,000.00	-
NJDOT Delaware Avenue	200,816.00	-
NJDOT Newport Streetscape Project	990,000.00	-
USDA - Rural Development Community Facilities Grant	37,900.00	-
Clean Communities	8,908.31	7,980.08



**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity had no approved special emergency appropriations in 2019 or 2018.

**Note 3: INVESTMENTS**

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

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The municipality places no limit on the amount the entity can invest in any one issuer.

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2019 and 2018, \$0 of the municipality's bank balance of \$1,421,806.40 and \$1,926,649.78 was exposed to custodial credit risk.

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2019 and 2018:

	Balance 12/31/2017	Additions	Retirements/ Adjustments	Balance 12/31/2018
Land, Buildings and Improvements	\$ 480,745.00			480,745.00
Equipment	619,272.02	79,388.87		698,660.89
	<u>\$ 1,100,017.02</u>	<u>79,388.87</u>	<u>-</u>	<u>1,179,405.89</u>

	Balance 12/31/2018	Additions	Retirements	Balance 12/31/2019
Land, Buildings and Improvements	\$ 480,745.00	\$ 6,550.00		487,295.00
Equipment	698,660.89	87,040.00		785,700.89
	<u>\$ 1,179,405.89</u>	<u>93,590.00</u>	<u>-</u>	<u>1,272,995.89</u>

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/18	Issued	Retired	Balance 12/31/19
Bond Anticipation Notes payable:				
General	\$ 940,000.00	765,000.00	940,000.00	765,000.00
	<u>\$ 940,000.00</u>	<u>765,000.00</u>	<u>940,000.00</u>	<u>765,000.00</u>

The Township has \$765,000 in outstanding bond anticipation notes as of December 31, 2019 payable to PNC Bank, at a rate of 2.20% interest. The note payable will mature on December 9, 2020.

<u>Summary of Municipal Debt</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
Bond Anticipation Notes	\$ 765,000.00	940,000.00	990,000.00
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,429,760.00	1,192,260.00	1,192,260.00
Total Authorized But Not Issued	<u>\$ 2,194,760.00</u>	<u>2,132,260.00</u>	<u>2,182,260.00</u>

**TOWNSHIP OF DOWNE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 1.519%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -	-	-
General Debt	2,194,760.00	-	2,194,760.00
	<u>\$ 2,194,760.00</u>	<u>-</u>	<u>2,194,760.00</u>

Net Debt \$2,194,760.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$144,468,746.33 = 1.519%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 5,056,406.12
Net Debt	2,194,760.00
Remaining Borrowing Power	<u>\$ 2,861,646.12</u>

The Township of Downe School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2019 and 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020 and 2019 were as follows:

<u>2020</u>	<u>2019</u>
175,900.00	190,000.00

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Note 8: SCHOOL TAXES**

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

	<u>12/31/2019</u>	<u>12/31/2018</u>
Balance of Tax	\$ 745,264.91	732,015.01
Deferred	550,000.00	550,000.00
Tax Payable	<u>\$ 195,264.91</u>	<u>182,015.01</u>

**Note 9: TAXES COLLECTED IN ADVANCE**

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

	<u>Balance 12/31/19</u>	<u>Balance 12/31/18</u>
Prepaid Taxes	<u>\$ 99,096.02</u>	<u>85,725.08</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 99,096.02</u>	<u>85,725.08</u>

**Note 10: PENSION FUNDS**

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and are administered by the New Jersey Division of Pensions 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 systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Public Employees' Retirement System

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

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 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. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The Township's contributions to PERS for the years ended December 31, 2019, 2018, and 2017 were \$29,288, \$22,626, and \$20,742.

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) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

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 annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- 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, special retirement under the PFRS, and employer contributions to the retirement systems.

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of 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 1/7<sup>th</sup> 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.

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 11: PENSION LIABILITIES**

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2019:

**Public Employees' Retirement System**

The Municipality has a liability of \$472,364 for its proportionate share of the net pension liability. 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 July 1, 2018 that was rolled forward to June 30, 2019. The Municipality's proportion of the net pension liability was based on a projection of the Municipality'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, the Municipality's proportion would be .00262155420%, which would be a decrease of 9.58% from its proportion measured as of June 30, 2018.

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$25,500. At December 31, 2019, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 8,478	\$ (2,087)
Changes of assumptions	47,167	(163,956)
Changes in proportion	112,621	(50,843)
Net difference between projected and actual earnings on pension plan investments		(7,456)
Total	<u>\$ 168,266</u>	<u>\$ (224,342)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2020	\$ (6,490)
2021	(21,053)
2022	(18,799)
2023	(8,827)
2024	(906)
Total	<u>\$ (56,076)</u>

**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 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 years of service)
Thereafter	3.00% - 7.00% (based on years of service)
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,

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

and with future improvement from the base year of 200 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 disable retirees were base 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 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

*Discount Rate*

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation



**TOWNSHIP OF DOWNE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 6.28%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.28%) or 1-percentage point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Municipality's proportionate share of the net pension liability	\$ 566,915	\$ 472,364	\$ 392,784

*Pension plan fiduciary net position.*

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

**Note 12: ECONOMIC DEPENDENCY**

The Township of Downe is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

**Note 13: RISK MANAGEMENT**

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2019 and 2018 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity 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. The entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

**New Jersey Unemployment Compensation Insurance** – The entity has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the entity is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The entity is billed quarterly for amounts due to the State. The following is a summary of entity contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the entity’s trust fund for the previous three years:

Calendar Year	Beginning Balance	Township Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2019	\$ 12,579.60	2,500.00	791.86	34.47	87.38	15,818.55
2018	13,883.61	-	765.05	25.08	2,094.14	12,579.60
2017	11,624.21	2,500.00	861.82	25.72	1,128.14	13,883.61

**Note 14: CONTINGENT LIABILITIES**

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. As of the date of our audit report, it was noted that the Township is involved in contract litigation in Texas. The Township is currently vigorously defending the matter. As of the date of our audit, the outcome of the litigation is uncertain, however, an adverse judgement against the Township could be material to these financial statements.

**Note 15: INTERFUND BALANCES**

During the most recent calendar year ended December 31, 2019, the following interfunds were included on the balance sheets of the various funds of the Township of Downe:

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**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Due From</u>	<u>Due To</u>
<b>Current Fund:</b>		
General Capital Fund	\$ 440,023.86	
Animal Control Fund		156.46
Trust Other	1,044.91	
Trust Small Cities		11,637.88
Trust - Escrow		36,299.43
Grant Fund		356,824.38
<b>Grant Fund:</b>		
Capital Fund	3,500.00	333,465.30
Current Fund	356,824.38	
Trust Other		1,850.00
<b>Trust Fund:</b>		
Current - Animal Control Fund	156.46	
Current - Small Cities	11,637.88	
Current - Escrow	36,299.43	
Current - Other		1,044.91
Grant Fund - Small Cities	1,850.00	
<b>General Capital Fund:</b>		
Grant Fund	333,465.30	3,500.00
Current Fund		440,023.86
	\$ <u>1,184,802.22</u>	<u>1,184,802.22</u>

The amounts due from the Grant fund to the Current fund is due to the fact that the Current Fund paid a number of invoices. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

**Note 16: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through June 29, 2020 the date which the financial statements were available to be issued and identified no events requiring disclosure.

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**SUPPLEMENTARY INFORMATION**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of the Township Committee  
Township of Downe, New Jersey

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, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 29, 2020, which was adverse 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 Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Nancy Sbrolla*  
**Nancy Sbrolla**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 542**

**June 29, 2020**



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2018	\$ 1,441,647.93	76,372.16
Increased by Receipts:		
Taxes Receivable	3,677,631.75	
Tax Title Liens	49,819.43	
Prepaid Taxes	99,096.02	
Revenue Accounts Receivable	701,740.89	
Miscellaneous Revenue	88,101.39	
Senior Citizen and Veterans	32,171.91	
Due to State - Marriage License	100.00	
Other Payables		1.00
Due from Current Fund	-	
Due from Capital Fund	6,532.00	
Due from Dog Trust		
Due from Federal & State Grant Fund	118,725.68	
	4,773,919.07	1.00
	6,215,567.00	76,373.16
Decreased by Disbursements:		
Current Year Appropriation	1,240,642.73	
Prior Year Appropriations	62,641.45	
County Taxes	1,682,666.05	
Local District School Taxes	1,477,856.10	
Special District Taxes	302,500.22	
Refund Tax Overpayments	8.83	
Appropriated Grants		500.00
Due to Escrow		
Due from Capital	25,220.00	
Due from Federal & State Grant Fund	230,915.05	
	5,022,450.43	500.00
Balance December 31, 2019	\$ 1,193,116.57	75,873.16

**CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2018	Current Year Levy	Collections by Cash		Adjusted	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2019
			2018	2019				
Arrears	\$ 2,671.29				(148.01)		(1,363.91)	4,183.21
2017	3,338.63			343.96		2,994.67		-
2018	222,436.91			141,245.60	330.75	74,357.88	1,363.91	5,138.77
	228,446.83	-	-	141,589.56	182.74	77,352.55	-	9,321.98
2019		3,965,564.76	85,725.08	3,570,512.53	35,785.54	114,913.85		158,627.76
\$	228,446.83	3,965,564.76	85,725.08	3,712,102.09	35,968.28	192,266.40	-	167,949.74

Cash Receipts  
Overpayments  
Senior Citizens and Veterans  
Homestead Rebate  
3,712,102.09

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	3,658,654.76
Special District Taxes	306,910.00
Added Taxes (54:4-63.1 et. Seq.)	-
	<u>3,965,564.76</u>
Tax Levy:	
Special District Tax	306,910.00
General County Taxes	1,593,655.07
County Library Taxes	-
County Open Space Taxes	14,142.03
County Health Taxes	74,416.20
County Added and Omitted Taxes	289.99
Total County Taxes	<u>1,682,503.29</u>
Local School District Tax	1,491,106.00
Additional Local School District Tax	-
Local Tax for Municipal Purposes	478,667.00
Add: Additional Tax Levied	<u>6,378.47</u>
	<u>485,045.47</u>
	<u>3,965,564.76</u>

**CURRENT FUND  
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2018		\$	411,124.81
Increased by:			
Transfers from Taxes Receivable	192,266.40		
	<hr/>		<hr/>
			192,266.40
			603,391.21
Decreased by:			
Collections	49,819.43		
Canceled	181,660.25		
	<hr/>		<hr/>
			231,479.68
Balance December 31, 2019		\$	<u>371,911.53</u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2018	Accrued in 2019	Treasurer	Other	Balance Dec. 31, 2019
Miscellaneous Revenue Anticipated					
Licenses - Other	-	7,360.00	7,360.00		-
Interest and Costs on Taxes	-	44,515.08	44,515.08		-
Interest on Investments	-	3,294.49	3,294.49		-
Energy Receipts Tax	-	208,365.00	208,365.00		-
Garden State Trust	-	250,511.00	250,511.00		-
FEMA	-	187,695.32	187,695.32		-
Capital Improvement Fund	-	-			-
Miscellaneous Revenue Not Anticipated		88,101.39	88,101.39		-
	-	789,842.28	789,842.28	-	-
		Cash	789,842.28		
		Noncash			
		Prior Reserves	-		
			<u>789,842.28</u>		

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT:</b>					
Township Clerk					
Other Expenses	\$ 0.31	607.31	606.67	0.64	-
Financial Administration					
Other Expenses	207.64	7,198.64	7,197.95	0.69	-
Liquidation of Tax Title Liens					
Other Expenses	5.00	3,684.00	3,683.85	0.15	-
Legal Services					
Other Expenses	2,000.00	27,433.00	27,432.50	0.50	-
Engineering Services					
Other Expenses	-	2,422.00	2,422.00	-	-
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Other Expenses	317.05	317.05	91.50	225.55	-
<b>PUBLIC SAFETY</b>					
Emergency Management Services					
Other Expenses	71.51	179.51	179.46	0.05	-
First Aid Organizations - Contributions	-	8,000.00	8,000.00	-	-
<b>PUBLIC WORKS</b>					
Road Repair and Maintenance					
Other Expenses	4,198.14	4,198.14	274.12	3,924.02	-
Public Buildings and Grounds					
Other Expenses	1,025.34	1,025.34	643.50	381.84	-
Garbage and Trash					
Other Expenses	954.12	4,887.12	4,886.86	0.26	-
<b>HEALTH AND WELFARE</b>					
Dog Regulation					
Other Expenses	725.00	725.00	300.00	425.00	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Natural Gas	445.72	595.72	595.28	0.44	-
Electric	854.72	854.72	312.80	541.92	-
Telephone	383.59	863.59	863.47	0.12	-
Street Lighting	10,115.66	10,115.66	5,151.49	4,964.17	-
All Other Accounts - No Change	73,097.38	21,294.38		21,294.38	-
	<u>\$ 94,401.18</u>	<u>94,401.18</u>	<u>62,641.45</u>	<u>31,759.73</u>	<u>-</u>
Reserves	54,338.30				
Encumbrances	<u>40,062.88</u>				
	<u>94,401.18</u>				

**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2018			
School Tax Payable	\$	182,015.01	
School Tax Deferred		<u>550,000.00</u>	
			\$ 732,015.01
Increased by:			
Levy - School Year July 1, 2018 to June 30, 2019			<u>1,491,106.00</u>
			2,223,121.01
Decreased by:			
Payments			<u>1,477,856.10</u>
Balance December 31, 2019			
School Tax Payable		195,264.91	
School Tax Deferred		<u>550,000.00</u>	
			<u>745,264.91</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,477,856.10
Tax Payable Ending			<u>195,264.91</u>
			1,673,121.01
Less: Tax Payable Beginning			<u>182,015.01</u>
Amount charged to Current Year Operations			<u>\$ 1,491,106.00</u>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance	Transferred	Received	Adjustments	Balance
	Dec. 31, 2018	From 2019 Revenues			Dec. 31, 2019
<b>FEDERAL GRANTS:</b>					
Small Cities - 2013	\$ 32,483.50				32,483.50
Small Cities - Gandy's Beach	192,617.16				192,617.16
Small Cities - CDBG	100,000.00				100,000.00
Small Cities - 2017	78,148.00				78,148.00
Small Cities - 2018	110,000.00		66,623.00		43,377.00
USDA - Special Police Vehicle	25,700.00				25,700.00
USDA - Water / Wastewater	30,000.00				30,000.00
USDA - Predevelopment	1,933.75				1,933.75
USDA	-	37,900.00	37,900.00		-
FEMA - Maple Avenue	15,643.22				15,643.22
FEMA - Dyer Cove	17,997.61				17,997.61
National Fish and Wildlife	44,920.00				44,920.00
<b>Total Federal</b>	<b>649,443.24</b>	<b>37,900.00</b>	<b>104,523.00</b>	<b>-</b>	<b>582,820.24</b>
<b>STATE GRANTS:</b>					
NJ Transportation Trust Fund Activity Act of 1984					
2012 - Fortescue	80,773.43				80,773.43
2011 - Laura, Russell and Union	18,743.17				18,743.17
2013 - Garrison Avenue	49,522.19				49,522.19
Newport Streetscape		990,000.00			990,000.00
Delaware Avenue		200,816.00			200,816.00
Campbell Street		73,000.00			73,000.00
Clean Communities	0.32	8,908.31	8,908.31		0.32
NJDOT - NJ Avenue	4,505.50				4,505.50
NJDOT - 2017	19,783.75				19,783.75
<b>Total State</b>	<b>173,328.36</b>	<b>1,272,724.31</b>	<b>8,908.31</b>	<b>-</b>	<b>1,437,144.36</b>
<b>\$</b>	<b>822,771.60</b>	<b>1,310,624.31</b>	<b>113,431.31</b>	<b>-</b>	<b>2,019,964.60</b>
		Cash	113,431.31		
		Unappropriated Reserves			
			<u>113,431.31</u>		

**CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2018		2019		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2019
	Appropriated	Reserve for Encumbrances	Appropriations	Appropriations				
<b>FEDERAL GRANTS:</b>								
Small Cities - 2018	110,000.00	-	-	-	84,510.69	-	-	25,489.31
Small Cities - Local Match - 2018	11,000.00	-	-	-	32,676.27	-	-	11,000.00
Small Cities - 2017	32,676.27	-	-	-	4,000.00	-	-	-
Small Cities - Local Match - 2017	4,000.00	-	-	-	500.00	-	-	16,913.20
Small Cities - Local Match	17,413.20	-	-	-	-	-	-	320.05
Small Cities - 2013	320.05	-	-	-	-	-	-	5,791.12
Small Cities - Bayview Bulkhead	5,791.12	-	-	-	-	-	-	-
USDA								
USDA - Match			37,900.00	-	37,900.00	-	-	5,500.00
USDA - Door			44,445.00	-	44,445.00	-	-	1,648.75
USDA - Water / Wastewater	1,648.75	-	-	-	-	-	-	-
National Fish and Wildlife	44,325.00	-	-	-	-	-	-	44,325.00
National Fish and Wildlife - Match	12,152.00	-	-	-	-	-	-	12,152.00
FEMA - Maple Avenue	37,109.22	-	-	-	4,488.00	26,000.00	-	6,621.22
Hurricane Sandy Flood Relief	16,177.52	-	-	-	-	-	-	16,177.52
DEP - Shore Protection	287.77	-	-	-	-	-	-	287.77
<b>Total Federal</b>	<b>292,900.90</b>	<b>-</b>	<b>87,845.00</b>	<b>-</b>	<b>208,519.96</b>	<b>26,000.00</b>	<b>-</b>	<b>146,225.94</b>
<b>STATE GRANTS:</b>								
NJ Transportation Trust Fund Authority Act of 1984								
2012 Fortescue	8.61	-	-	-	-	-	-	8.61
2011 - Laura, Russell and Union	10,913.17	-	-	-	-	-	-	10,913.17
2013 - Garrison Avenue	36,793.44	-	-	-	244.00	-	-	36,793.44
Newport Streetscape			990,000.00	-	-	-	-	989,756.00
Delware Avenue			200,816.00	-	62,176.50	-	-	200,816.00
Campbell Street			73,000.00	-	-	-	-	10,824.50
Money Island			397,500.00	-	-	-	-	397,500.00
Clean Communities	36,590.67	-	8,915.31	-	4,447.99	-	-	41,057.99
Recycling Tonnage	6,647.19	-	-	-	472.60	-	-	6,174.59
Generator Match	8,000.00	-	-	-	-	-	-	8,000.00
NJDOT - NJ Ave	168,500.00	-	-	-	-	-	-	168,500.00
NJDOT - 2017	28,255.50	-	-	-	-	-	-	28,255.50
<b>Total State</b>	<b>285,708.58</b>	<b>-</b>	<b>1,670,231.31</b>	<b>-</b>	<b>67,340.09</b>	<b>-</b>	<b>-</b>	<b>1,898,599.80</b>
	<b>588,609.48</b>	<b>-</b>	<b>1,758,076.31</b>	<b>-</b>	<b>275,860.05</b>	<b>26,000.00</b>	<b>-</b>	<b>2,044,825.74</b>
			Paid through Current Fund		230,915.05			
			Paid through Grant Fund		500.00			
			Paid through Capital Fund		44,445.00			
					<u>275,860.05</u>			



**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

Purpose	Balance Dec. 31, 2018	Transferred To 2019 Appropriations	Received	Adjustments	Balance Dec. 31, 2019
<b>FEDERAL GRANTS:</b>					
USDA Door	\$ 5,500.00	5,500.00			-
<b>Total Federal</b>	<u>5,500.00</u>	<u>5,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>STATE GRANTS:</b>					
Clean Communities	7.00	7.00	3,010.59		3,010.59
Recycling Tonnage Grant	-		2,283.78		2,283.78
Money Island	397,500.00	397,500.00			-
<b>Total State</b>	<u>397,507.00</u>	<u>397,507.00</u>	<u>5,294.37</u>	<u>-</u>	<u>5,294.37</u>
<b>\$</b>	<u>403,007.00</u>	<u>403,007.00</u>	<u>5,294.37</u>	<u>-</u>	<u>5,294.37</u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2018	\$ 625.74	18,213.35
Increased by Receipts:		
Dog License Fees 2019	263.58	
Due to State of New Jersey	87.60	
Due from Current Fund		-
Miscellaneous Trust Reserves		5,517.31
	<u>351.18</u>	<u>5,517.31</u>
	976.92	23,730.66
Decreased by Disbursements		
Statutory Expenditures	500.00	
Due to State of New Jersey	87.60	
Due to Current Fund	-	-
Miscellaneous Trust Reserves		2,000.38
	<u>587.60</u>	<u>2,000.38</u>
Balance December 31, 2019	\$ <u>389.32</u>	<u>21,730.28</u>

**TRUST FUND  
SCHEDULE OF CASH - COLLECTOR**

		<u>Tax Title Lien Redemption</u>
Balance December 31, 2018	\$	12,800.19
Increased by Receipts:		
Interest		32.59
Deposits for Redemption of Tax Sale Certificates		81,484.17
Premium		10,500.00
		<u>92,016.76</u>
		104,816.95
Decreased by Disbursements		
Returned Premiums		10,400.00
Refunds of Tax Sale Certificates		87,982.86
		<u>98,382.86</u>
Balance December 31, 2019	\$	<u><u>6,434.09</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2018		\$	830.60
Increased by:			
Dog License Fees Collected			263.58
			1,094.18
Decreased by:			
Statutory Excess Expenditures under N.J.S. 4:19-15:11			
		500.00	500.00
Balance December 31, 2019		\$	594.18

License Fees Collected:

Year	Amount
2018	\$ 446.20
2017	437.60
	\$ 883.80

**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - DOG LICENSE FUND**

	<u>Ref.</u>		
Balance December 31, 2018		\$	(156.46)
Increased by:			
Miscellaneous			-
Statutory Excess			-
			(156.46)
Decreased by:			
Payment			-
Balance December 31, 2019		\$	(156.46)

**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY  
DEPARTMENT OF HEALTH**

Balance December 31, 2018		\$	(48.40)
Increased by:			
2019 State License Fees			87.60
			39.20
Decreased by:			
Disbursements to the State			87.60
Balance December 31, 2019		\$	(48.40)

**TRUST - OTHER FUNDS  
 SCHEDULE OF DUE TO/(FROM) CURRENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Reserve</u>	<u>Balance Dec 31, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance Dec 31, 2019</u>
Tax Title Lien Redemption	\$ 1,038.66			1,038.66
Unemployment	0.24			0.24
Developer's Escrow	(36,299.43)			(36,299.43)
Sandy Donation	2.12			2.12
Recreation	3.89			3.89
	<u>\$ (35,254.52)</u>	<u>-</u>	<u>-</u>	<u>(35,254.52)</u>
		-	-	
Tax Collector		-	-	
Treasurer		-	-	
		<u>-</u>	<u>-</u>	

**TRUST - OTHER FUNDS**  
**SCHEDULE OF MISCELLANEOUS RESERVES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Reserve</u>	<u>Increased by</u>		<u>Decreased by</u>		<u>Balance Dec 31, 2019</u>
	<u>Balance Dec 31, 2018</u>	<u>Receipts</u>	<u>Adjustment</u>	<u>Disbursements</u>	
Hurricane Sandy Relief	\$ 455.15	0.96			456.11
Developer's Escrow	40,908.97	2,190.02		1,913.00	41,185.99
Recreation	1,052.81				1,052.81
Unemployment Trust	12,579.60	3,326.33		87.38	15,818.55
	<u>\$ 54,996.53</u>	<u>5,517.31</u>	<u>-</u>	<u>2,000.38</u>	<u>58,513.46</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2018		\$	327,882.85
Increased by:			
Receipts	25,730.41		
			25,730.41
			353,613.26
Decreased by:			
Disbursements	302,048.71		
			302,048.71
Balance December 31, 2019		\$	51,564.55



**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2018		Receipts		Disbursements		Transfers		Balance Dec. 31, 2019	
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$	8,702.25								8,702.25
Capital Improvement Fund		151,530.00								94,585.00
Due to Current Fund		421,335.86	25,730.41				56,945.00			440,023.86
Due to Grant Fund		(329,865.30)				7,042.41			44,445.00	(329,865.30)
Receivable - NJ DOT		(360,490.00)				44,445.00				(360,490.00)
Reserve for Debt Service		245.00								245.00
Reserve for Encumbrance		-							79,499.83	79,499.83
Reserve for Landfill Closure		45,000.00								45,000.00
Improvement Authorizations:		-								-
00-06 Emergency Services Building		-								-
04-03 Aluminum Observation Tower		385.00								385.00
01-12 Various Improvements		178,855.56			5,584.20					173,271.36
02-13 Improvements to Buildings		595.00								595.00
07-14 Fortescue Berm		-								-
08-14 Gandy's Beach Bulkhead		387,439.48			5,906.00					381,533.48
01-15 Various Equipment		(175,750.00)								(175,750.00)
4-17 Sewer Improvements					239,071.10		79,499.83			(318,570.93)
19-15 Property Acquisition								12,500.00		12,500.00
	\$	327,882.85	25,730.41	-	250,561.30	51,487.41	136,444.83	136,444.83		51,564.55



**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2018		\$	
Increased by:			
No current year activity	_____		_____ -
			-
Decreased by:			
	_____		_____ -
			-
Balance December 31, 2019		\$	_____ -

**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Raised in 2019 Budget	Debt Issued	Balance Dec. 31, 2019	Bond Anticipation Notes	Analysis of Balance			
								Expenditures	Unexpended Improvement Authorizations		
07-14	Fortescue Berm	\$ 311,387.00		57,750.00		253,637.00	253,637.00				
08-14	Gandy's Beach Bulkhead	645,123.00		117,250.00		527,873.00	511,363.00				
01-15	Various Equipment	175,750.00				175,750.00		175,750.00			
04-17	Sewer Improvements	1,000,000.00				1,000,000.00		318,570.93	681,429.07		
15-19	Property Acquisition		237,500.00			237,500.00			237,500.00		
		<u>\$ 2,132,260.00</u>	<u>237,500.00</u>	<u>175,000.00</u>	<u>-</u>	<u>2,194,760.00</u>	<u>765,000.00</u>	<u>494,320.93</u>	<u>918,929.07</u>		
							Improvement Authorizations Unfunded			1,316,972.55	
							Less:				
							Unexpended Proceeds of Bond				
							Anticipation Notes Issued:				
							Ord. Number				
							08-14		\$ 398,043.48		
											<u>398,043.48</u>
											<u>918,929.07</u>



**GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
			Date	Amount					
No current year activity									
						\$			
						\$			

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2019
						Dec. 31, 2018	Dec. 31, 2019			
Various Improvements	01-12	12/17/2014	12/11/2018	12/10/2019	3.000%	\$ 311,387.00	-	253,637.00	311,387.00	253,637.00
			12/10/2019	12/9/2020	2.200%					
Gandy's Beach	08-14	12/16/2015	12/11/2018	12/10/2019	3.000%	628,613.00	-	511,363.00	628,613.00	511,363.00
			12/10/2019	12/9/2020	2.200%					
<b>\$</b>						<b>940,000.00</b>	<b>765,000.00</b>	<b>940,000.00</b>	<b>765,000.00</b>	

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Debt Issued	Other	Balance Dec. 31, 2019
08-14	Gandy's Beach Bulkhead	\$ 16,510.00				16,510.00
01-15	Dump Truck/Alarm System	175,750.00				175,750.00
4-17	Sewer Improvements	1,000,000.00				1,000,000.00
15-19	Property Acquisition	-	237,500.00			237,500.00
		<u>\$ 1,192,260.00</u>	<u>237,500.00</u>	<u>-</u>	<u>-</u>	<u>1,429,760.00</u>



**TOWNSHIP OF DOWNE**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2019**

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## GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$17,500 except by contract or agreement."

The governing body of the Township of Downe has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the district counsel's opinion should be sought before a commitment is made.

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

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

Our examination of expenditures did not reveal payments in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

### 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 7, 2019, adopted the following resolution authorizing interest to be charged on delinquent taxes:

**"BE IT RESOLVED** by the Township Committee of the Township of Downe, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Downe, for the nonpayment of taxes, assessment and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when taxes, assessments ad charges become delinquents.

**BE IT FURTHER RESOLVED** by the Township Committee of the Township of Downe, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2019.

Our examination of interest collected on delinquent taxes did not reveal any charges that were in agreement with the above resolution.

**Delinquent Taxes and Tax Title Liens**

The tax sale was held on January 18, 2019 and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2019	120
2018	100
2017	97

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

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2019 and 2018 Taxes	5
Delinquent Taxes	3

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

### 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.

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2019	\$ 3,965,565	3,656,238	92.20%
2018	4,087,663	3,773,967	92.33%
2017	3,975,976	3,765,226	94.70%
2016	4,029,147	3,852,143	95.61%
2015	3,826,815	3,626,342	94.76%

### Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$ 2.186	2.229	2.137	2.139	2.006
Apportionment of Tax Rate:					
Municipal	0.287	0.286	0.281	0.273	0.259
County	1.007	1.081	1.002	1.026	0.989
School	0.892	0.862	0.854	0.840	0.758
Assessed Valuation	\$ 167,308,400	170,061,400	171,694,700	174,390,957	176,531,505

### 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 last five years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2019	\$ 371,912	167,950	539,862	13.61%
2018	411,125	228,447	639,572	15.65%
2017	342,387	106,901	449,288	11.30%
2016	263,608	106,467	370,075	9.18%
2015	278,833	144,575	423,408	11.06%

## FINDINGS AND RECOMMENDATIONS

### ***Finding 19-1***

#### **Criteria**

All grant awards received subsequent to the adoption of the budget and added by N.J.S. 40A:4-87 must be approved by the Division of Local Government Service in order to be properly expended..

#### **Condition**

The Township received several grants during the current year, however these grants were never submitted to the Division for proper approval.

#### **Cause**

Township personnel did not submit the approved resolutions to the Division of Local Government Services for authorization to expend the funds.

#### **Effect**

The Township incurred expenditures without an appropriation.

#### **Recommendation**

The Township CFO should ensure that the Division of Local Government Services has approved all grants received and added by N.J.S. 4A:4-87 prior to expending the funds.

#### **Management Response**

All grants received and added by N.J.S. 40A:4-87 will be timely submitted to the Division for proper approval.

### ***Finding19-2***

#### **Criteria**

Committee meeting minutes are the official records of Township public meetings and should be approved on a regular basis and available for examination.

#### **Condition**

Meeting minutes were not approved for Committee meetings held after May 2019.

#### **Cause**

The minutes were not finalized and submitted to the Committee members for approval in a timely manner.

#### **Effect**

The Township could be fined if the minutes are requested through an OPRA request and they are unable to comply with the request in a timely manner. The Committee has no official record of the decisions made at each meeting.

#### **Recommendation**

The minutes should be prepared in the prescribed format in a timely manner and approved by the Mayor and Committee at the subsequent month's Committee meeting.

**Management Response**

The clerk will prepare the minutes and have them approved at the following month's meeting.

***Finding 19-3*****Criteria**

Expenditures cannot be made without sufficient budgeted funds available.

**Condition**

Purchases were made without certification that sufficient funds were available, causing several overexpenditures of budget line items.

**Cause**

Control procedures were not operating effectively over expenditures to ensure that funds are available prior to purchases being made.

**Effect**

The amount of the budget overexpenditures must be raised in the subsequent year's budget.

**Recommendation**

Procedures should be approved and implemented that would require that funds be available and encumbered prior to any purchases being made.

**Management Response**

Purchasing procedures will be reviewed and amended as deemed necessary to ensure that funds are available prior to purchases being made.

## STATUS OF PRIOR RECOMMENDATIONS

NONE

### RECOMMENDATIONS

1. The Township CFO should ensure that the Division of Local Government Services has approved all grants received and added by N.J.S. 4A:4-87 prior to expending the funds.
2. The minutes should be prepared in the prescribed format in a timely manner and approved by the Mayor and Committee at the subsequent month's Committee meeting.
3. Procedures should be approved and implemented that would require that funds be available and encumbered prior to any purchases being made.

In accordance with Audits of States, Local Governments and Non-Profit Organizations, and Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the Township Committee in response to my comments.

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

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

*Ford, Scott & Associates, L.L.C.*

**FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

*Nancy Sbrolla*

**Nancy Sbrolla  
Certified Public Accountant  
Registered Municipal Accountant  
No. 542**

**June 29, 2020**