

TOWNSHIP OF DOWNE

CUMBERLAND COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

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TOWNSHIP OF DOWNE
PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2020

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 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 July 12, 2021 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

July 12, 2021

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**EXHIBIT - A
CURRENT FUND**

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

	2020	2019
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 449,746.35	1,193,116.57
Total Cash	449,746.35	1,193,116.57
Investment in BAN	1,000,000.00	-
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	15,200.68	12,688.23
Total Other Receivables	15,200.68	12,688.23
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	163,508.69	167,949.74
Tax Title and Other Liens	481,426.77	371,911.53
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
Trust Fund - Other	1,044.91	1,044.91
Dog Trust	57.83	-
Total Receivables and Other Assets	979,396.22	1,314,288.06
Deferred Charges:		
Overexpenditure of appropriation	32,654.07	32,550.27
Expenditures without appropriation	1,165.55	-
Total Deferred Charges	33,819.62	32,550.27
Total Regular Fund	2,478,162.87	2,552,643.13
Federal and State Grant Fund:		
Cash	88,773.16	75,873.16
Federal and State Grants Receivable	2,161,911.98	2,019,964.60
Due from Current Fund	257,690.15	356,824.38
Due from Capital Fund	3,500.00	3,500.00
Total Federal and State Grant Fund	2,511,875.29	2,456,162.14
Total Current Fund	\$ 4,990,038.16	5,008,805.27

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

	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 14,483.39	14,839.69
Reserve for Encumbrances	32,308.98	38,875.13
Prepaid Taxes	104,304.05	99,096.02
Overpaid Taxes	6,668.17	4,123.56
Accrued Payroll Taxes	1,873.04	1,873.04
Escrow Deposits	241.79	241.79
Local School Tax Payable	210,175.89	195,264.91
County Added Tax Payable	272.07	289.98
Special District Tax Payable	4,409.78	4,409.78
Due to State - Marriage Licenses	450.00	450.00
Interfund Payable:		
Grant Fund	257,690.15	356,824.38
Capital Fund	168,334.02	-
Trust Fund - Small Cities	11,637.88	11,637.88
Dog Trust	-	156.46
Trust Fund - Escrow	36,308.45	36,299.43
	849,157.66	764,382.05
Reserve for Receivables and Other Assets	979,396.22	1,314,288.06
Fund Balance	649,608.99	473,973.02
Total Regular Fund	2,478,162.87	2,552,643.13
Federal and State Grant Fund:		
Unappropriated Reserves	4,783.78	5,294.37
Appropriated Reserves	2,113,549.48	2,044,825.74
Encumbrances Payable	600.00	26,000.00
Due to Capital Fund	333,465.30	333,465.30
Due to Trust Fund	14,750.00	1,850.00
Other Payables	1.00	1.00
Reserve for State Grant		
Small Cities Loans	44,725.73	44,725.73
Total Federal and State Grant Fund	2,511,875.29	2,456,162.14
Total Current Fund	\$ 4,990,038.16	5,008,805.27

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

	2020	2019
Revenue and Other Income Realized		
Fund Balance	\$ 175,900.00	190,000.00
Miscellaneous Revenue Anticipated	944,598.55	2,415,372.20
Receipts from Delinquent Taxes	168,162.97	191,408.99
Receipts from Current Taxes	3,681,329.99	3,656,237.61
Non Budget Revenue	56,462.40	88,101.39
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	17,748.76	31,759.73
Interfund Returned	440,180.23	-
Total Income	<u>5,484,382.90</u>	<u>6,572,879.92</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	409,894.81	361,295.62
Other Expenses	617,621.26	651,309.65
Deferred Charges & Statutory Expenditures	88,063.27	64,286.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	601.00	601.00
Public and Private Programs Offset		
by Revenues	297,845.78	1,713,631.31
Capital Improvements	2,835.00	23,179.00
Debt Service	275,231.00	202,184.28
Deferred Charges	-	-
Local District School Tax	1,520,928.00	1,491,106.00
Special District Tax	307,440.00	306,910.00
County Tax	1,644,768.77	1,682,213.30
County Share of Added Tax	272.11	289.99
Interfund Created	-	19,733.03
Total Expenditures	<u>5,165,501.00</u>	<u>6,516,739.18</u>
Excess/(Deficit) in Revenue	<u>318,881.90</u>	<u>56,140.74</u>

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

	2020	2019
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	32,654.07	32,550.27
Total Adjustments	32,654.07	32,550.27
Statutory Excess to Fund Balance	351,535.97	88,691.01
Fund Balance January 1	473,973.02	575,282.01
	825,508.99	663,973.02
Decreased by:		
Utilization as Anticipated Revenue	175,900.00	190,000.00
Fund Balance December 31	\$ 649,608.99	473,973.02

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 175,900.00	-	175,900.00	-
Total Fund Balance Anticipated	175,900.00	-	175,900.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	7,300.00		16,098.50	8,798.50
Interest and Costs on Taxes	44,000.00		34,122.82	(9,877.18)
Interest Earned on Investments	2,100.00		2,045.89	(54.11)
Total Section A: Local Revenues	53,400.00	-	52,267.21	(1,132.79)
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	208,365.00		208,365.00	-
Garden State Preservation Trust Fund	386,432.00		250,511.00	(135,921.00)
Total Section B: State Aid Without Offsetting Appropriations	594,797.00	-	458,876.00	(135,921.00)
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities	3,010.59	8,031.41	11,042.00	-
Recycling Tonnage Grant	2,283.78		2,283.78	-
Small Cities Block Grant		112,700.00	112,700.00	-
N.J. Transportation Trust Fund Authority Act	85,400.00		85,400.00	-
Cumberland County	3,000.00		3,000.00	-
USDA - Chipper		28,100.00	28,100.00	-
USDA - PW Vehicle		27,800.00	27,800.00	-

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	93,694.37	176,631.41	270,325.78	-
Section G: Other Special Items FEMA	163,130.00		163,129.56	(0.44)
Total Section G: Other Special Items	<u>163,130.00</u>	<u>-</u>	<u>163,129.56</u>	<u>(0.44)</u>
Total Miscellaneous Revenues:	905,021.37	176,631.41	944,598.55	(137,054.23)
Receipts from Delinquent Taxes	<u>215,000.00</u>		<u>168,162.97</u>	<u>(46,837.03)</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	502,154.10		523,189.21	21,035.11
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>502,154.10</u>	<u>-</u>	<u>523,189.21</u>	<u>21,035.11</u>
Budget Totals	<u>1,798,075.47</u>	<u>176,631.41</u>	<u>1,811,850.73</u>	<u>(162,856.15)</u>
Non-Budget Revenues: Other Non-Budget Revenues:			56,462.40	56,462.40
	<u>1,798,075.47</u>	<u>176,631.41</u>	<u>1,868,313.13</u>	<u>(106,393.75)</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections		3,681,329.99
Less: Reserve for Tax Appeals Pending		<u> -</u>
Net Revenue from Collections		3,681,329.99
Allocated to:		
School, County and Other Taxes		<u>3,473,408.88</u>
Balance for Support of Municipal Budget Appropriations		207,921.11
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>315,268.10</u>
Amount for Support of Municipal Budget Appropriations		<u><u>523,189.21</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	107,580.43	
Tax Title Lien Collections	<u>60,582.54</u>	
Total Receipts from Delinquent Taxes		<u><u>168,162.97</u></u>
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Sale of Property	10,750.00	
Miscellaneous	15,017.15	
Abandoned Property Reg Fee	17,000.00	
SC & Veteran Administration Fee	640.00	
Zoning maps and applications	500.00	
Zoning Permits	3,325.00	
Property list	130.00	
Cable Franchise Fee	4,979.90	
Trailer Park	375.00	
Recycling	1,992.50	
Copies/OPRA	59.95	
Court fees	<u>1,692.90</u>	
Total Miscellaneous Revenue Not Anticipated:		<u><u>56,462.40</u></u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
\$	35,005.00	36,343.00	36,342.59		0.41	
Mayor and Committee Salaries and Wages	8,000.00	8,000.00	6,820.82		1,179.18	
Other Expenses						
Township Clerk Salaries and Wages	81,000.00	87,100.00	87,097.78		2.22	
Other Expenses	25,000.00	26,459.55	23,599.54	2,860.01	(0.00)	
Financial Administration Salaries and Wages	20,500.00	21,210.00	21,209.85		0.15	
Other Expenses	38,500.00	59,262.95	55,755.45	3,507.50	-	
Audit Services						
Other Expenses	25,000.00	25,000.00	25,000.00		-	
Assessment of Taxes						
Salaries and Wages	21,000.00	21,400.00	21,392.37		7.63	
Other Expenses						
Maintenance of Tax Map	500.00	1,212.00	1,212.00		-	
Miscellaneous Other Expenses	5,500.00	2,000.00	1,684.32		315.68	
Collection of Taxes						
Salaries and Wages	31,000.00	31,781.00	31,780.43		0.57	
Other Expenses						
Tax Sale Costs	1,000.00	1,000.00	490.56		509.44	
Miscellaneous Other Expenses	5,750.00	5,750.00	4,703.56	1,000.00	46.44	
Liquidation of Tax Title Liens						
Other Expenses	4,000.00	585.00	585.00		-	
Legal Services and Costs						
Engineering Services	89,900.00	62,448.49	60,214.24	2,234.25	-	
Other Expenses	16,000.00	13,000.00	3,162.00	9,794.00	44.00	
Municipal Court						
Other Expenses	9,000.00	7,000.00	6,630.38		369.62	
Insurance						
General Liability	16,703.00	14,703.00	13,874.59	227.20	601.21	
Workers Compensation Insurance	16,703.00	19,178.00	19,178.00		-	
Employee Group Health	78,000.00	57,000.00	56,792.35		207.65	

**OPERATIONS WITHIN "CAPS"
GENERAL GOVERNMENT:**

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	3,500.00	3,500.00	3,404.70		95.30	
Other Expenses	4,000.00	4,000.00	3,072.54	238.00	689.46	
Housing Official						
Salaries and Wages	8,500.00	8,768.00	8,767.71		0.29	
Other Expenses	500.00	785.00	784.77		0.23	
Enforcement Officer						
Salaries and Wages	1.00	1.00			1.00	
PUBLIC SAFETY						
Emergency Management Services						
Salaries and Wages	3,000.00	3,119.99	3,118.99		0.01	
Other Expenses	3,000.00	16,764.75	16,764.75		-	
First Aid Organizations - Contribution	31,000.00	8,000.00	8,000.00		-	
PUBLIC WORKS						
Road Repairs and Maintenance						
Salaries and Wages	120,500.00	126,000.00	123,960.04		2,039.96	
Other Expenses	50,000.00	63,209.58	58,725.34	4,484.24	-	
Public Building and Grounds						
Salaries and Wages	10,000.00	10,000.00	10,000.00		-	
Other Expenses	10,000.00	29,285.83	58,573.25	3,366.65	-	(32,654.07)
Garbage and Trash						
Salaries and Wages	38,000.00	28,364.83	28,364.83		-	
Other Expenses	80,000.00	89,928.93	87,372.93	2,556.00	-	
HEALTH AND WELFARE						
Environmental						
Other Expenses	500.00	1,620.00	1,615.99		4.01	
Historical						
Other Expenses	500.00	500.00			500.00	
Dog Regulation						
Other Expenses	15,000.00	15,000.00	12,330.04	300.00	2,369.96	
Recreation and Tourism						
Other Expenses	500.00	767.65	242.85	524.80	-	

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, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Natural Gas	5,000.00	5,400.00	4,375.04	335.23	689.73	
Electric	2,500.00	500.00	367.25		132.75	
Telephone	14,000.00	14,914.44	14,124.77	789.67	0.00	
Street Lighting	70,000.00	64,000.00	63,815.92	91.43	92.65	
TOTAL OPERATIONS WITHIN "CAPS"	998,062.00	994,862.00	985,307.54	32,308.98	9,899.55	(32,654.07)
Contingent						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	998,062.00	994,862.00	985,307.54	32,308.98	9,899.55	(32,654.07)
Detail:						
Salaries and Wages	372,005.00	377,585.83	375,439.29	-	2,146.54	
Other Expenses	626,057.00	617,276.17	609,868.25	32,308.98	7,753.01	(32,654.07)
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of an Appropriation	32,551.00	32,551.00	32,550.27		(0.00)	0.73
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	25,813.00	25,813.00	25,813.00		-	
Social Security System (O.A.S.I.)	25,000.00	28,200.00	27,951.16		248.84	
Unemployment Insurance	1,500.00	1,500.00	-		1,500.00	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	84,864.00	88,064.00	86,314.43	-	1,748.84	0.73
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,082,926.00	1,082,926.00	1,071,621.97	32,308.98	11,648.39	(32,653.34)
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, 2020**

	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	3,010.59	11,042.00	11,042.00	-	-	
Recycling Tonnage Grant	2,283.78	2,283.78	2,283.78	-	-	
Cumberland County LHCC Initiative	3,000.00	3,000.00	3,000.00	-	-	
Small Cities Block Grant		112,700.00	112,700.00	-	-	
USDA - Chipper		28,100.00	28,100.00	-	-	
USDA - PWV Vehicle	85,400.00	27,800.00	27,800.00	-	-	
NJ DOT		85,400.00	85,400.00	-	-	
Matching Funds for Grants	27,520.00	27,520.00	27,520.00	-	-	
Total Public and Private Programs Off-Set by Revenues	121,214.37	297,845.78	297,845.78	-	-	
Total Operations - Excluded from "CAPS"	121,815.37	298,446.78	298,446.78	-	-	
Detail:						
Salaries and Wages	-	-	-	-	-	
Other Expenses	121,815.37	298,446.78	298,446.78	-	-	
(C) Capital Improvements						
Wastewater Repairs	2,835.00	2,835.00			2,835.00	
Total Capital Improvements	2,835.00	2,835.00	-	-	2,835.00	
(D) Debt Service						
Payment of Bond Anticipation Notes	258,401.00	258,401.00	258,401.00	-	-	
Interest on Notes	16,830.00	16,830.00	16,830.00	-	-	
Total Debt Service	275,231.00	275,231.00	275,231.00	-	-	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	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"	399,881.37	576,512.78	573,677.78	2,835.00	-
SUBTOTAL GENERAL APPROPRIATIONS	1,482,807.37	1,659,438.78	1,645,299.75	32,308.98	(32,653.34)
(M) Reserve for Uncollected Taxes	315,268.10	315,268.10	315,268.10	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 1,798,075.47	1,974,706.88	1,960,567.85	32,308.98	(32,653.34)
Budget Appropriations by 40A-4-87 Emergency Appropriations		1,798,075.47 176,631.41		Cancelled Overexpended	0.73 (32,654.07)
		<u>1,974,706.88</u>			<u>(32,653.34)</u>
Reserve for Uncollected Taxes		315,268.10			
Deferred Charge		32,550.27			
Federal and State Grants		297,845.78			
Capital Improvements		-			
Disbursements		1,314,903.70			
		<u>1,960,567.85</u>			

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

**EXHIBIT - B
TRUST FUND**

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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Dog License Fund:		
Cash	\$ 719.21	389.32
Due from Current Fund	-	156.46
Due from State of NJ	48.40	48.40
	<u>767.61</u>	<u>594.18</u>
Small Cities:		
Due from Current Fund	11,637.88	11,637.88
Due from Grant Fund	14,750.00	1,850.00
Loans Receivable	495,764.68	495,764.68
	<u>522,152.56</u>	<u>509,252.56</u>
Other Funds:		
Cash - Treasurer	30,675.41	21,730.28
Cash - Tax Collector	7,331.75	6,434.09
Due from Current Fund	-	-
Due from Current Fund - Escrow	36,308.45	36,299.43
Other Receivables	490.00	490.00
	<u>74,805.61</u>	<u>64,953.80</u>
	<u>\$ 597,725.78</u>	<u>574,800.54</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Reserve for Dog Fund Expenditures	\$ 709.78	594.18
Due to Current Fund	57.83	-
	<u>767.61</u>	<u>594.18</u>
Small Cities:		
Reserve for Small Cities	26,387.88	13,487.88
Reserve for Loans Receivable	495,764.68	495,764.68
	<u>522,152.56</u>	<u>509,252.56</u>
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	2,793.09	4,395.43
Premiums Received at Tax Sale	3,500.00	1,000.00
Due to Current Fund	1,044.91	1,044.91
Miscellaneous Reserves	67,467.61	58,513.46
	<u>74,805.61</u>	<u>64,953.80</u>
	<u>\$ 597,725.78</u>	<u>574,800.54</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>2020</u>	<u>2019</u>
Cash	\$ 122,565.18	51,564.55
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	1,936,360.00	2,194,760.00
Interfunds:		
Due from Current Fund	168,334.02	-
Due from Grant Fund	333,465.30	333,465.30
Receivable		
NJ DOT	360,490.00	360,490.00
	<u>2,921,214.50</u>	<u>2,940,279.85</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	24,300.00	79,499.83
Interfunds:		
Due to Current Fund	-	440,023.86
Due to Grant Fund	3,500.00	3,500.00
Bond Anticipation Notes Payable	1,744,100.00	765,000.00
Improvement Authorizations:		
Funded	141,940.65	186,751.36
Unfunded	858,841.60	1,316,972.55
Reserve for Landfill Closure	45,000.00	45,000.00
Reserve for Debt Service	245.00	245.00
Capital Improvement Fund	94,585.00	94,585.00
Fund Balance	8,702.25	8,702.25
	<u>\$ 2,921,214.50</u>	<u>2,940,279.85</u>

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

2019	1,429,760.00
2020	192,260.00

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

	2020	2019
Beginning Balance January 1	\$ 8,702.25	8,702.25
No Current Year Activity		
Ending Balance December 31	\$ 8,702.25	8,702.25

EXHIBIT - D
SEWER UTILITY FUND

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**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2020	2019
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ -	-
	-	-
Receivables and Other Assets with Full Reserves:		
Water Sewer Accounts Receivable	-	-
	-	-
Total Operating Fund	-	-
Capital Fund:		
Cash - Treasurer	-	-
Fixed Capital - Complete	-	-
Fixed Capital - Authorized and Uncomplete	14,141,000.00	-
Grants Receivable	8,538,000.00	-
Total Capital Fund	22,679,000.00	-
	\$ 22,679,000.00	-

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

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ -	-
Reserve for Encumbrances	-	-
Overpaid Water Rents	-	-
Due to Current Fund	-	-
	-	-
Reserve for Receivables	-	-
Fund Balance	-	-
	-	-
Total Operating Fund	-	-
Capital Fund:		
Improvement Authorizations:		
Funded	8,538,000.00	
Unfunded	5,603,000.00	-
Reserve for Amortization	-	-
Reserve for Deferred Amortization	8,538,000.00	-
Capital Improvement Fund	-	-
Fund Balance	-	-
	22,679,000.00	-
Total Capital Fund	22,679,000.00	-
	\$ 22,679,000.00	-
There were bonds and notes authorized but not issued at December 31		
2019	-	
2020	5,603,000.00	

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

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2020	Year 2019
Revenue and Other Income Realized		
Fund Balance	\$ -	-
Water & Sewer Rents	-	-
Miscellaneous Revenue Anticipated	-	-
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	-	-
Total Income	<u>-</u>	<u>-</u>
Expenditures		
Operations	-	-
Deferred Charges and Statutory Expenditures	-	-
Total Expenditures	<u>-</u>	<u>-</u>
Excess in Revenue	<u>-</u>	<u>-</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>-</u>	<u>-</u>
Beginning Fund Balance	<u>-</u>	<u>-</u>
Increased/Decreased by:		
Utilization as Anticipated Revenue	-	-
Transfer from Dissolution of Utility Authority	-	-
Fund Balance December 31	<u>\$ -</u>	<u>-</u>

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

**WATER AND SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE PERIOD ENDED DECEMBER 31,**

	Year 2020	Year 2019
Beginning Balance	\$ -	-
Increased by:		
No current year activity		
Decreased by:		
Ending Balance December 31	\$ -	-

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

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$	-	-
Rents		-	-
Miscellaneous Revenue		-	-
	\$ -	-	-

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	-
Prepayments & Overpayments Applied	-
Overpayments Created	
Liens Collected	-
	-

Miscellaneous Revenue Anticipated

Antennae	
Miscellaneous	
	-

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

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
\$		-			-
		-			-
		-			-
	-	-	-	-	-
\$	-	-	-	-	-

Operations:
No current year activity

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

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>Balance Dec. 31, 2020</u>	<u>Balance Dec. 31, 2019</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 730,035.28	487,295.00
Equipment	871,086.43	785,700.89
Total General Fixed Assets	<u>1,601,121.71</u>	<u>1,272,995.89</u>
Investment in General Fixed Assets	<u>\$ 1,601,121.71</u>	<u>1,272,995.89</u>

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

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**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

Water and Sewer Operating and Capital Funds -- account for the operations of the water and sewer utility and acquisition of water and sewer capital facilities other than those acquired in the Current and General Capital Funds.

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.

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

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.

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

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.

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

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 June 15, 2021, may have an effect on the City'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, 2020, will not have any an effect on the City's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91 "Conduit Debt Obligations". This statement, which is effective for fiscal periods beginning after December 15, 2021, will not have any an effect on the City's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92 "Omnibus 2020". This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any an effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93 "Replacement of Interbank Offered Rates". This statement, which is effective for fiscal periods beginning after June 15, 2020, will not have any an effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94 "Public-Private and Public-Private Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the City's financial reporting.

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides – through GASB Statement No. 93 and Implementation Guide No. 2019-03 – that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, are not deferred by either one year or eighteen months.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96 "Subscription-Based Information Technology Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the City's financial reporting.

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is partially effective immediately and also for fiscal years beginning after June 15, 2021. This statement will not have any an effect on the City'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 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$315,268.10 and \$322,153. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$175,900 and \$190,000.

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 2020 and 2019 calendar years:

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**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>		
Mayor and Committee		
Other Expenses		20,127.00
Township Clerk		
Salaries and Wages	6,100.00	
Financial Administration		
Other Expenses	20,762.95	
Legal Services and Costs		
Other Expenses	(27,451.51)	
Insurance		
General Liability		8,115.00
Workers Compensation Insurance		(11,215.00)
Employee Group Health	(21,000.00)	
Emergency Management Services		
Other Expenses	13,764.75	
First Aid Organizations - Contribution	(23,000.00)	
Garbage and Trash Removal		
Salaries and Wages	(9,635.17)	
Other Expenses	9,928.93	6,000.00
Road Repair and Maintenance		
Salaries and Wages	5,500.00	
Other Expenses	13,209.58	(6,300.00)
Public Buildings and Grounds		
Other Expenses	19,285.83	(6,500.00)
Street Lighting	(6,000.00)	

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**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 2020 and 2019, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
Clean Communities	8,031.41	8,908.31
Small Cities Block Grant	112,700.00	
USDA - Chipper	28,100.00	
USDA - PW Vehicle	27,800.00	
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

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 2020 or 2019.

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.

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, \$0 of the municipality's bank balance of \$779,960.05 and \$1,421,806.40 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2020 and 2019:

	Balance 12/31/2018	Additions	Retirements/ Adjustments	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>

	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Land, Buildings and Improvements	\$ 487,295.00	242,740.28		730,035.28
Equipment	785,700.89	85,385.54		871,086.43
	<u>\$ 1,272,995.89</u>	<u>328,125.82</u>	<u>-</u>	<u>1,601,121.71</u>

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/19	Issued	Retired	Balance 12/31/20
Bond Anticipation Notes payable:				
General	\$ 765,000.00	1,744,100.00	765,000.00	1,744,100.00
	<u>\$ 765,000.00</u>	<u>1,744,100.00</u>	<u>765,000.00</u>	<u>1,744,100.00</u>

The Township has \$506,600 in outstanding bond anticipation notes as of December 31, 2020 payable to CEDE & Co., at a rate of 1.375% interest. The note payable will mature on December 8, 2021.

The Township has \$1,000,000 in outstanding bond anticipation notes as of December 31, 2020 payable to the Current Fund, at a rate of 0% interest. The note payable will mature on December 30, 2021.

The Township has \$237,500 in outstanding bond anticipation notes as of December 31, 2020 payable to the Township of East Brunswick, at a rate of 2.00% interest. The note payable will mature on March 9, 2021.

<u>Summary of Municipal Debt</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
Bond Anticipation Notes	\$ 1,744,100.00	765,000.00	940,000.00
<u>Authorized but not issued:</u>			
General - Bonds and Notes	192,260.00	1,429,760.00	1,192,260.00
Total Authorized But Not Issued	<u>\$ 1,936,360.00</u>	<u>2,194,760.00</u>	<u>2,132,260.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.423%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -	-	-
Utility Debt	5,603,000.00	5,603,000.00	-
General Debt	1,936,360.00	-	1,936,360.00
	<u>\$ 7,539,360.00</u>	<u>5,603,000.00</u>	<u>1,936,360.00</u>

Net Debt \$1,936,360.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$136,097,660.00 = 1.423%.

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	4,763,418.10
Net Debt		1,936,360.00
Remaining Borrowing Power	\$	<u>2,827,058.10</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, 2020 and 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021 and 2020 were as follows:

<u>2021</u>	<u>2020</u>
140,000.00	175,900.00

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>12/31/2020</u>	<u>12/31/2019</u>
Balance of Tax	\$ 760,175.89	745,264.91
Deferred	550,000.00	550,000.00
Tax Payable	<u>\$ 210,175.89</u>	<u>195,264.91</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 12/31/20</u>	<u>Balance 12/31/19</u>
Prepaid Taxes	\$ 104,304.05	99,096.02
Cash Liability for Taxes Collected in Advance	<u>\$ 104,304.05</u>	<u>99,096.02</u>

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

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, 2020, 2019, and 2018 were \$25,813, \$29,288, and \$22,626.

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.

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

- 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.

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 1/60th from 1/55th, 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 1/7th of the required amount, beginning in fiscal years 2012.

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

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

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020:

Public Employees’ Retirement System

The Municipality has a liability of \$542,611 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. 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, 2020, the Municipality’s proportion would be 0.00332739290%, which would be an increase of 26.92% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$74,403. At December 31, 2020, 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	\$ 9,880	(1,919)
Changes of assumptions	17,603	(227,196)
Changes in proportion	198,019	
Net difference between projected and actual earnings on pension plan investments	18,547	(38,766)
Total	<u>\$ 244,049</u>	<u>\$ (267,881)</u>

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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:

<u>Year ended June 30,</u>		
2021	\$	(8,863)
2022		(8,080)
2023		(4,618)
2024		(1,867)
2025		(404)
Total	<u>\$</u>	<u>(23,832)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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 all projected benefit payments to determine the total pension liability.

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

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 646,248	\$ 542,611	\$ 454,785

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, 2020 and 2019 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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.

**TOWNSHIP OF DOWNE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

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
2020	\$ 15,818.55	-	902.66	34.92	84.07	16,672.06
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

Note 14: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Township’s management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

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**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 15: INTERFUND BALANCES

During the most recent calendar year ended December 31, 2020, the following interfunds were included on the balance sheets of the various funds of the Township of Downe:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
General Capital Fund		168,334.02
Animal Control Fund	57.83	
Trust Other	1,044.91	
Trust Small Cities		11,637.88
Trust - Escrow		36,308.45
Grant Fund		257,690.15
Grant Fund:		
Capital Fund	3,500.00	333,465.30
Current Fund	257,690.15	
Trust Other		14,750.00
Trust Fund:		
Current - Animal Control Fund		57.83
Current - Small Cities	11,637.88	
Current - Escrow	36,308.45	
Current - Other		1,044.91
Grant Fund - Small Cities	14,750.00	
General Capital Fund:		
Grant Fund	333,465.30	3,500.00
Current Fund	168,334.02	
	<u>\$ 826,788.54</u>	<u>826,788.54</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 July 12, 2021, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 12, 2021, 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**

July 12, 2021

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2019	\$ 1,193,116.57	75,873.16
Increased by Receipts:		
Taxes Receivable	3,655,301.95	
Tax Title Liens	60,582.54	
Prepaid Taxes	104,304.05	
Revenue Accounts Receivable	674,272.68	
Miscellaneous Revenue	56,462.40	
Senior Citizen and Veterans	32,000.00	
Tax Overpayments	2,544.61	
Due from Capital Fund	237,536.98	
Due from Trust - Escrows	9.02	
Due to Small Cities Trust		12,900.00
Due from Federal & State Grant Fund	127,867.81	
	<u>4,950,882.04</u>	<u>-</u>
	6,143,998.61	12,900.00
		<u>88,773.16</u>
Decreased by Disbursements:		
Current Year Appropriation	1,314,903.70	
Prior Year Appropriations	35,966.06	
County Taxes	1,645,058.79	
Local District School Taxes	1,506,017.02	
Special District Taxes	307,440.00	
Appropriated Grants		-
Due from Capital	629,179.10	
Due from Federal & State Grant Fund	255,687.59	
	<u>5,694,252.26</u>	<u>-</u>
Balance December 31, 2020	\$ <u>449,746.35</u>	<u>88,773.16</u>

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

Year	Balance Dec. 31, 2019	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2020
				2019	2020				
Arrears	\$ 4,183.21					(46.55)			4,229.76
2018	5,138.77				250.00		250.00		4,638.77
2019	158,627.76				107,330.43	(3,236.40)	46,789.56		7,744.17
	167,949.74				107,580.43	(3,282.95)	47,039.56		16,612.70
2020		3,981,688.67	656.38	99,096.02	3,582,233.97	38,113.20	116,005.87		146,895.99
	\$	3,981,688.67	656.38	99,096.02	3,689,814.40	34,830.25	163,045.43		163,508.69

Cash Receipts
Senior Citizens and Veterans
3,689,814.40

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 3,674,248.67
Special District Taxes 307,440.00
Added Taxes (54:4-63.1 et. Seq.) 656.38
3,982,345.05

Tax Levy:
Special District Tax 307,440.00
General County Taxes 1,554,574.47
County Library Taxes -
County Open Space Taxes 13,292.53
County Health Taxes 76,901.77
County Added and Omitted Taxes 272.11
Total County Taxes 1,645,040.88

Local School District Tax 1,520,928.00
Additional Local School District Tax -

Local Tax for Municipal Purposes 502,154.10
Add: Additional Tax Levied 6,782.07
508,936.17
3,982,345.05

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

Balance December 31, 2019		\$ 371,911.53
Increased by:		
Transfers from Taxes Receivable	163,045.43	
Interest and Costs Accrued at Tax Sale	3,431.80	
Other	3,620.55	
		170,097.78
		542,009.31
Decreased by:		
Collections	60,582.54	
Canceled	-	
		60,582.54
Balance December 31, 2020		\$ <u><u>481,426.77</u></u>

-

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2019	Accrued in 2020	Treasurer	Other	Balance Dec. 31, 2020
Miscellaneous Revenue Anticipated					
Licenses - Other	\$ -	16,098.50	16,098.50		-
Interest and Costs on Taxes	-	34,122.82	34,122.82		-
Interest on Investments	-	2,045.89	2,045.89		-
Energy Receipts Tax	-	208,365.00	208,365.00		-
Garden State Trust	-	250,511.00	250,511.00		-
FEMA	-	163,129.56	163,129.56		-
		56,462.40	56,462.40		-
Miscellaneous Revenue Not Anticipated					
	\$ -	730,735.17	730,735.17	-	-
		Cash	730,735.08		
		Noncash	0.09		
		Prior Reserves	-		
			<u>730,735.17</u>		

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Township Clerk					
Other Expenses	\$ 1,115.44	1,115.44	868.67	246.77	-
Financial Administration					
Other Expenses	1,978.25	1,978.25	1,978.25	-	-
Assessment of Taxes					
Other Expenses					
Miscellaneous Other Expenses	414.46	414.46	60.49	353.97	-
Legal Services					
Other Expenses	4,293.00	5,924.00	5,923.95	0.05	-
Engineering Services					
Other Expenses	2,634.50	2,634.50	1,586.00	1,048.50	-
Insurance					
General Liability	-	1,050.00	1,050.00	-	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	400.52	400.52	400.52	-	-
PUBLIC WORKS					
Road Repair and Maintenance					
Other Expenses	5,892.92	5,892.92	2,912.82	2,980.10	-
Public Buildings and Grounds					
Other Expenses	899.88	899.88	534.88	365.00	-
Garbage and Trash					
Salaries and Wages		-		-	-
Other Expenses	11,754.64	11,911.64	11,911.14	0.50	-
HEALTH AND WELFARE					
Dog Regulation					
Other Expenses	591.30	591.30	400.00	191.30	-
UTILITY EXPENSES AND BULK PURCHASES					
Natural Gas	901.50	901.50	901.50	-	-
Telephone	1,749.05	1,749.05	1,244.46	504.59	-
Street Lighting	6,193.38	6,193.38	6,193.38	-	-
All Other Accounts - No Change	14,895.98	12,057.98	-	12,057.98	-
	<u>\$ 53,714.82</u>	<u>53,714.82</u>	<u>35,966.06</u>	<u>17,748.76</u>	<u>-</u>
Reserves	14,839.69				
Encumbrances	<u>38,875.13</u>				
	<u>53,714.82</u>				

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

Balance December 31, 2019			
School Tax Payable	\$	195,264.91	
School Tax Deferred		<u>550,000.00</u>	
			\$ 745,264.91
Increased by:			
Levy - School Year July 1, 2019 to June 30, 2020			<u>1,520,928.00</u>
			2,266,192.91
Decreased by:			
Payments			<u>1,506,017.02</u>
Balance December 31, 2020			
School Tax Payable		210,175.89	
School Tax Deferred		<u>550,000.00</u>	
			<u><u>760,175.89</u></u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,506,017.02
Tax Payable Ending			<u>210,175.89</u>
			1,716,192.91
Less: Tax Payable Beginning			<u>195,264.91</u>
Amount charged to Current Year Operations			<u><u>\$ 1,520,928.00</u></u>

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

Purpose	Balance	Transferred	Received	Adjustments	Balance
	Dec. 31, 2019	From 2020 Revenues			Dec. 31, 2020
FEDERAL GRANTS:					
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	43,377.00				8,721.88
Small Cities - 2020	-	112,700.00	34,655.12		112,700.00
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 - Chipper	-	28,100.00	28,100.00		-
USDA - PW Vehicle	-	27,800.00			27,800.00
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
Total Federal	582,820.24	168,600.00	95,238.62	-	656,181.62
STATE GRANTS:					
NJ Transportation TrustFund 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		19,814.00		53,186.00
Clean Communities	0.32	11,042.00	11,042.00		0.32
Recycling Tonnage Grant		2,283.78	2,283.78		-
NJDOT - NJ Avenue	4,505.50				4,505.50
NJDOT - 2017	19,783.75				19,783.75
NJDOT - 2020		85,400.00			85,400.00
Total State	1,437,144.36	98,725.78	33,139.78	-	1,502,730.36

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

<u>Purpose</u>	Balance Dec. 31, 2019	Transferred From 2020 Revenues	Received	Adjustments	Balance Dec. 31, 2020
LOCAL GRANTS:					
Cumberland County LHCC Initiative	-	3,000.00			3,000.00
Total Local	<u> -</u>	<u>3,000.00</u>			<u>3,000.00</u>
	\$ 2,019,964.60	270,325.78	128,378.40	-	<u>2,161,911.98</u>
		Cash	123,084.03		
		Unappropriated Reserves	5,294.37		
			<u>128,378.40</u>		

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

	Balance December 31, 2019		2020		Disbursed	Encumbrances	Cancelled	Balance Dec. 31, 2020
	Appropriated	Reserve for Encumbrances	Appropriations					
FEDERAL GRANTS:								
Small Cities - 2018	25,489.31				19,255.00			6,234.31
Small Cities - Local Match - 2018	11,000.00				7,200.00	600.00		3,200.00
Small Cities - Local Match	16,913.20							16,913.20
Small Cities - 2013	320.05							320.05
Small Cities - Bayview Bulkhead	5,791.12							5,791.12
Small Cities - 2020			112,700.00					112,700.00
USDA - Doer	5,500.00							5,500.00
USDA - Water / Wastewater	1,648.75							1,648.75
USDA - Chipper			28,100.00		28,100.00			-
USDA - PW Vehicle			27,800.00		27,800.00			-
USDA - Match			27,520.00		27,520.00			-
National Fish and Wildlife	44,325.00							44,325.00
National Fish and Wildlife - Match	12,152.00							12,152.00
FEIMA - Maple Avenue	6,621.22	26,000.00						32,621.22
Hurricane Sandy Flood Relief	16,177.52							16,177.52
DEP - Shore Protection	287.77							287.77
Total Federal	146,225.84	26,000.00	186,120.00		109,875.00	600.00		257,870.94
STATE GRANTS:								
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							36,793.44
Newport Streetscape	989,796.00				2,026.00			987,730.00
Delaware Avenue	200,816.00							200,816.00
Campbell Street	10,824.50				3,100.75			7,723.75
Money Island	397,500.00							397,500.00
Clean Communities	41,057.99		11,042.00		3,770.29			48,329.70
Recycling Tonnage	6,174.99		2,283.78					8,458.37
Generator Match	8,000.00							8,000.00
NJDOT - NJ Ave	168,500.00				135,750.00			32,750.00
NJDOT - 2017	28,255.50							28,255.50
NJDOT - 2020			85,400.00					85,400.00
Total State	1,898,599.80	-	98,725.78		144,647.04	-		1,852,678.54
LOCAL GRANTS:								
Cumberland County LHCC Initiative			3,000.00					3,000.00
Total Local	2,044,825.74	26,000.00	297,845.78		254,522.04	600.00		2,113,549.48

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

<u>Purpose</u>	<u>Balance Dec. 31, 2019</u>	<u>Transferred To 2020 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2020</u>
FEDERAL GRANTS:					
USDA Door	-				-
Total Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:					
Clean Communities	3,010.59	3,010.59			-
Recycling Tonnage Grant	2,283.78	2,283.78	2,283.78		2,283.78
Sustainable Jersey	-		2,500.00		2,500.00
Total State	<u>5,294.37</u>	<u>5,294.37</u>	<u>4,783.78</u>	<u>-</u>	<u>4,783.78</u>
\$	<u>5,294.37</u>	<u>5,294.37</u>	<u>4,783.78</u>	<u>-</u>	<u>4,783.78</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2019	\$ 389.32	21,730.28
Increased by Receipts:		
Dog License Fees 2020	329.80	
Due to State of New Jersey	106.20	
Due from Current Fund	0.09	19.40
Miscellaneous Trust Reserves		10,265.75
	<u>436.09</u>	<u>10,285.15</u>
Decreased by Disbursements		
Statutory Expenditures	-	
Due to State of New Jersey	106.20	
Due to Current Fund	-	28.42
Miscellaneous Trust Reserves		1,311.60
	<u>106.20</u>	<u>1,340.02</u>
Balance December 31, 2020	\$ <u><u>719.21</u></u>	<u><u>30,675.41</u></u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

		<u>Tax Title Lien Redemption</u>	
Balance December 31, 2019	\$		6,434.09
Increased by Receipts:			
Interest		30.44	
Deposits for Redemption of Tax Sale Certificates		104,392.39	
Premium		<u>5,700.00</u>	
			<u>110,122.83</u>
			116,556.92
Decreased by Disbursements			
Returned Premiums		4,800.00	
Refunds of Tax Sale Certificates		104,392.44	
Interest		<u>32.73</u>	
			<u>109,225.17</u>
Balance December 31, 2020	\$		<u><u>7,331.75</u></u>

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

Balance December 31, 2019		\$	594.18
Increased by:			
Dog License Fees Collected			329.80
			923.98
Decreased by:			
Statutory Excess	214.20		
Expenditures under N.J.S. 4:19-15:11	214.20		214.20
Balance December 31, 2020		\$	709.78

License Fees Collected:

Year	Amount
2019	\$ 263.58
2018	446.20
	\$ 709.78

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

	<u>Ref.</u>	
Balance December 31, 2019		\$ (156.46)
Increased by:		
Miscellaneous	0.09	
Statutory Excess	<u>214.20</u>	<u>214.29</u>
		57.83
Decreased by:		
Payment		<u> </u>
Balance December 31, 2020		\$ <u><u>57.83</u></u>

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

Balance December 31, 2019		\$ (48.40)
Increased by:		
2020 State License Fees		<u>106.20</u>
		57.80
Decreased by:		
Disbursements to the State		<u>106.20</u>
Balance December 31, 2020		\$ <u><u>(48.40)</u></u>

**TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Reserve</u>	<u>Balance Dec 31, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance Dec 31, 2020</u>
Tax Title Lien Redemption	\$ 1,038.66			1,038.66
Unemployment	0.24			0.24
Developer's Escrow	(36,299.43)	12.59	21.61	(36,308.45)
Sandy Donation	2.12	0.94	0.94	2.12
Recreation	3.89	5.87	5.87	3.89
	<u>\$ (35,254.52)</u>	<u>19.40</u>	<u>28.42</u>	<u>(35,263.54)</u>
		-	-	
Tax Collector		19.40	28.42	
Treasurer		<u>19.40</u>	<u>28.42</u>	

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Reserve</u>	Balance Dec 31, 2019	<u>Increased by</u>		<u>Decreased by</u>	Balance Dec 31, 2020
		<u>Receipts</u>	<u>Adjustment</u>	<u>Disbursements</u>	
Hurricane Sandy Relief	\$ 456.11			0.06	456.05
Developer's Escrow	41,185.99	2,000.00		427.34	42,758.65
Recreation	1,052.81	7,328.17		800.13	7,580.85
Unemployment Trust	15,818.55	937.58		84.07	16,672.06
	<u>\$ 58,513.46</u>	<u>10,265.75</u>	<u>-</u>	<u>1,311.60</u>	<u>67,467.61</u>

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

Balance December 31, 2019		\$	51,564.55
Increased by:			
Receipts	541,301.86		
	541,301.86		541,301.86
Decreased by:			592,866.41
Disbursements	470,301.23		
	470,301.23		470,301.23
Balance December 31, 2020		\$	122,565.18

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**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019		Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 8,702.25								8,702.25
Capital Improvement Fund	94,585.00								94,585.00
Due to Current Fund	440,023.86		150,311.03			348.01	1,000,000.00	241,679.10	(168,334.02)
Receivable - NJ DOT	(329,965.30)								(329,965.30)
Reserve for Debt Service	245.00								245.00
Reserve for Encumbrance	79,499.83						79,499.83	24,300.00	24,300.00
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	173,271.36				32,310.71				140,960.65
02-13 Improvements to Buildings	595.00								595.00
07-14 Fortescue Berm	-								-
08-14 Gandy's Beach Bulkhead	381,533.48						241,679.10		139,854.38
01-15 Various Equipment	(175,750.00)								(175,750.00)
4-17 Sewer Improvements	(318,570.93)		153,490.83		194,902.23		24,300.00	1,079,499.83	685,217.50
19-15 Property Acquisition	12,500.00			237,500.00	242,740.28				7,259.72
	\$ 51,564.55		\$ 303,801.86	\$ 237,500.00	\$ 469,953.22	\$ 348.01	\$ 1,345,478.93	\$ 1,345,478.93	\$ 122,565.18

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2019		\$	94,585.00
Increased by:			
Budget Appropriation			
	_____		<u>-</u>
			94,585.00
Decreased by:			
Property Acquisition			
Grant Match			
	_____		<u>-</u>
Balance December 31, 2020		\$	<u><u>94,585.00</u></u>

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

Balance December 31, 2019		\$	
Increased by:			
No current year activity	_____		_____ -
			-
Decreased by:			
	_____		_____ -
			-
Balance December 31, 2020		\$	_____ -

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

Ord #	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Raised in 2020 Budget	Debt Issued	Balance Dec. 31, 2020	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
07-14	Fontescue Berm	\$ 253,637.00		85,597.00		168,040.00	168,040.00		
08-14	Gandy's Beach Bulkhead	527,873.00		172,803.00		355,070.00	338,560.00		
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		304,782.50	695,217.50
15-19	Property Acquisition	237,500.00				237,500.00		230,240.28	7,259.72
		<u>\$ 2,194,760.00</u>	<u>-</u>	<u>258,400.00</u>	<u>-</u>	<u>1,936,360.00</u>	<u>506,600.00</u>	<u>710,772.78</u>	<u>702,477.22</u>

Improvement Authorizations Unfunded	858,841.60
Less:	
Unexpended Proceeds of Bond	
Anticipation Notes Issued:	
Ord. Number	08-14
	\$ 156,364.38
	<u>156,364.38</u>
	<u>702,477.22</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2020	Interest Rate	Balance			
					Dec. 31, 2019	Increased	Decreased	Dec. 31, 2020
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 Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
Various Improvements	01-12	12/17/2014	12/10/2019	12/9/2020	2.200% \$	253,637.00	168,040.00	253,637.00	-
			12/9/2020	12/8/2021	1.375%				168,040.00
Gandy's Beach	08-14	12/16/2015	12/10/2019	12/9/2020	2.200%	511,363.00	338,560.00	511,363.00	338,560.00
			12/9/2020	12/8/2021	1.375%				
Sewer Improvements	04-17	12/30/2020	12/31/2020	12/30/2021	0.000%		1,000,000.00		1,000,000.00
Property Acquisition	15-19	3/10/2020	3/10/2020	3/9/2021	2.000%		237,500.00		237,500.00
						<u>\$ 765,000.00</u>	<u>1,744,100.00</u>	<u>765,000.00</u>	<u>1,744,100.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Other	Balance Dec. 31, 2020
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>\$ 1,429,760.00</u>	<u>-</u>	<u>1,237,500.00</u>	<u>-</u>	<u>192,260.00</u>

**WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Capital Fund
Balance December 31, 2019	\$ -	-
Increased by Receipts:		
No current year activity	-	-
Decreased by Disbursements:	-	-
Balance December 31, 2020	\$ -	-

**WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019	Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
		Miscellaneous	Improvement Authorizations	Improvement Authorizations	Miscellaneous	From	To	
Due to Current Fund	-							-
Encumbrances Payable	-							-
Grant Receivable	-							-
Due to Water Operating Fund	-					8,538,000.00		(8,538,000.00)
<u>Improvement Authorizations:</u>								
561 Water System Improvements							8,538,000.00	8,538,000.00
	\$ -	-	-	-	-	8,538,000.00	8,538,000.00	-

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2019		\$	-
Increased by:			
No current year activity	_____		-
			-
Decreased by:			
	_____		-
Balance December 31, 2020		\$	<u><u>-</u></u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY LIENS**

Balance December 31, 2019		\$	-
Increased by:			
No current year activity	-		-
	_____		-
			-
Decreased by:			
	-		-
	_____		-
Balance December 31, 2020		\$	<u><u>-</u></u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
No current year activity	\$	-		-
		-		-
	\$	-		-
			\$	
			Cash Disbursed	
			Accounts Payable	
			\$	
			\$	

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES**

Balance December 31, 2019

Increased by:
No current year activity

-
_____ -

Decreased By:
No current year activity

Balance December 31, 2020

=====

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2019		Other Funding	Authorizations Deferred Charges to Future Revenue	Paid or Charged	Cancelled	Balance December 31, 2020	
				Funded	Unfunded					Funded	Unfunded
2020-7	Wastewater Treatment Facility	5/11/2020	14,141,000	-	-	8,538,000.00	5,603,000.00	-	-	8,538,000.00	5,603,000.00
				\$ -	\$ -	\$ 8,538,000.00	\$ 5,603,000.00			\$ 8,538,000.00	\$ 5,603,000.00

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds				Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Refunded	Balance Dec. 31, 2020
			Maturity Date	Outstanding December 31, 2020	Amount							
No current year activity												
							\$ -					\$ -
							\$ -					\$ -

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS**

Purpose	Maturities of Bonds Outstanding December 31, 2020		Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
	Date	Amount			
No current year activity			\$		-
			\$	-	-

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Other	Balance Dec. 31, 2020
2020-7	Wastewater Treatment Facility	\$ -	5,603,000.00	-	-	5,603,000.00
		\$ -	5,603,000.00	-	-	5,603,000.00

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TOWNSHIP OF DOWNE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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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 6, 2020, 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 and 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 2020.

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 17, 2020 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>
2020	121
2019	120
2018	100

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 2021 and 2020 Taxes	5
Delinquent Taxes	5

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	Currently		
	Tax Levy	Cash Collections	Percentage of Collections
2020	\$ 3,982,345	3,681,330	92.44%
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%

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ 2.222	2.186	2.229	2.137	2.139
Apportionment of Tax Rate:					
Municipal	0.304	0.287	0.286	0.281	0.273
County	0.997	1.007	1.081	1.002	1.026
School	0.921	0.892	0.862	0.854	0.840
Assessed Valuation	\$ 165,294,300	167,308,400	170,061,400	171,694,700	174,390,957

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
2020	\$ 481,427	163,509	644,936	16.19%
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%

FINDINGS AND RECOMMENDATIONS

Finding 20-1

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.

Finding 20-2

Criteria

The Township is required to follow the New Jersey Local Public Contracts Law requirements as indicated in N.J.S.A. 40:11. These requirements include, but are not limited to, obtaining proper pay-to-play documentation, business registrations and vendor certifications as well as obtaining bids and quotes when purchases exceed the designated threshold.

Condition

Purchases made during the year did not include the required documentation prior to being approved. Bids and quotes were not obtained when required, and in several instances the voucher packages were missing one or more of the required supporting documentation, including pay-to-play documentation, vendor certification, and New Jersey business registrations.

Cause

Control procedures were not operating effectively over expenditures to ensure that all applicable purchasing laws are being followed.

Effect

The Township is not in compliance with New Jersey Public Contracts Law, and could be subject to liabilities if vendors request documentation in support of contracts awarded.

Recommendation

Procedures should be approved and implemented that would require that all purchases are made in accordance with applicable purchasing laws and regulations.

Management Response

Purchasing procedures will be reviewed and amended as deemed necessary to ensure that all purchases adhere to purchasing laws and regulations.

STATUS OF PRIOR 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.

This finding was cleared during the current year

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.

This finding was cleared during the current year

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

This finding was not cleared during the current year

RECOMMENDATIONS

1. Procedures should be approved and implemented that would require that funds be available and encumbered prior to any purchases being made.
2. Procedures should be approved and implemented that would require that all purchases are made in accordance with applicable purchasing laws and regulations.

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**

July 12, 2021

