

**TOWNSHIP OF DOWNE**

**CUMBERLAND COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**



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**TOWNSHIP OF DOWNE**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2022**

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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**

To the Honorable Mayor and  
Members of Township Committee  
Township of Downe  
County of Cumberland, New Jersey

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

#### ***Opinions***

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, 2022 and 2021, 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, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

#### ***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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Township of Downe and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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.

### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Downe's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of Downe's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the Township of Downe's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Downe 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. Such information 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. The 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 regulatory basis financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023, 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 the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Downe's internal control over financial reporting and compliance.

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

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

***Nancy Sbrolla***

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

**June 12, 2023**

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**EXHIBIT - A  
CURRENT FUND**

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

	2022	2021
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 716,269.26	603,745.45
Total Cash	716,269.26	603,745.45
Investment in BAN	1,237,500.00	1,000,000.00
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	21,358.55	19,264.80
Total Other Receivables	21,358.55	19,264.80
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	196,626.91	147,243.02
Tax Title and Other Liens	528,873.17	512,246.08
Property Acquired for Taxes - at Assessed Valuation	333,300.00	333,300.00
Due from Fairfield Township	58.02	58.02
Interfund Receivable:		
General Capital Fund	-	210,769.72
Trust Fund - Other	1,160.66	1,044.91
Trust Fund - Small Cities	39,873.21	-
Dog Trust	342.70	57.83
Total Receivables and Other Assets	1,100,234.67	1,204,719.58
Deferred Charges:		
Overexpenditure of appropriation	-	-
Expenditures without appropriation	-	-
Total Deferred Charges	-	-
Total Regular Fund	3,075,362.48	2,827,729.83
Federal and State Grant Fund:		
Cash	88,789.32	97,704.01
Federal and State Grants Receivable	2,602,425.60	2,477,242.98
Due from Current Fund	430,581.72	324,284.43
Due from Capital Fund	3,500.00	3,500.00
Total Federal and State Grant Fund	3,125,296.64	2,902,731.42
Total Current Fund	\$ 6,200,659.12	5,730,461.25

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2022</u>	<u>2021</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 91,211.27	89,320.40
Reserve for Encumbrances	51,815.94	21,146.76
Prepaid Taxes	95,751.53	89,725.39
Overpaid Taxes	2,900.63	6,983.40
Accrued Payroll Taxes	1,873.04	1,873.04
Escrow Deposits	241.78	241.79
Local School Tax Payable	210,175.89	210,175.89
County Added Tax Payable	1,052.72	1,522.35
Special District Tax Payable	10,185.78	4,409.78
Due to State - Marriage Licenses	450.00	450.00
Reserve for FEMA	67,297.37	237,297.30
Reserve for Municipal Relief Aid	10,869.00	-
Interfund Payable:		
Grant Fund	430,581.72	324,284.43
Capital Fund	315,470.03	-
Trust Fund - Small Cities	-	83,915.02
Trust Fund - Escrow	36,737.74	36,550.24
Sewer Utility Operating	1,950.00	-
	1,328,564.44	1,107,895.79
Reserve for Receivables and Other Assets	1,100,234.67	1,204,719.58
Fund Balance	646,563.37	515,114.46
Total Regular Fund	3,075,362.48	2,827,729.83
Federal and State Grant Fund:		
Unappropriated Reserves	87,170.79	77,947.97
Appropriated Reserves	2,642,973.54	2,422,298.50
Encumbrances Payable	2,289.20	612.07
Due to Capital Fund	333,465.30	333,465.30
Due to Trust Fund	39,873.21	14,750.00
Other Payables	11.25	1.00
Reserve for State Grant		
Small Cities Loans	19,513.35	53,656.58
Total Federal and State Grant Fund	3,125,296.64	2,902,731.42
Total Current Fund	\$ 6,200,659.12	5,730,461.25

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

	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized		
Fund Balance	\$ 145,000.00	140,000.00
Miscellaneous Revenue Anticipated	1,160,702.84	1,236,000.44
Receipts from Delinquent Taxes	146,888.68	126,163.47
Receipts from Current Taxes	3,849,081.77	3,710,056.24
Non Budget Revenue	58,932.89	39,539.78
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	81,543.45	20,826.93
Interfund Returned	210,769.72	-
Total Income	<u>5,652,919.35</u>	<u>5,272,586.86</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	459,038.94	406,751.76
Other Expenses	607,131.06	568,695.24
Deferred Charges & Statutory Expenditures	67,709.00	99,025.62
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	15,601.00	601.00
Public and Private Programs Offset		
by Revenues	310,403.51	456,226.71
Capital Improvements	5,000.00	9,835.00
Debt Service	258,270.00	86,696.40
Deferred Charges	-	-
Local District School Tax	1,626,189.00	1,520,928.00
Special District Tax	318,218.00	308,393.00
County Tax	1,659,589.74	1,597,395.26
County Share of Added Tax	1,052.70	1,522.41
Interfund Created	48,267.49	211,010.99
Total Expenditures	<u>5,376,470.44</u>	<u>5,267,081.39</u>
Excess/(Deficit) in Revenue	<u>276,448.91</u>	<u>5,505.47</u>

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

	2022	2021
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	276,448.91	5,505.47
Fund Balance January 1	515,114.46	649,608.99
	791,563.37	655,114.46
Decreased by:		
Utilization as Anticipated Revenue	145,000.00	140,000.00
Fund Balance December 31	\$ 646,563.37	515,114.46

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 145,000.00		-
Total Fund Balance Anticipated	<u>145,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	35,000.00		(18,421.75)
Interest and Costs on Taxes	38,000.00		18,863.15
Interest Earned on Investments	700.00		662.12
Total Section A: Local Revenues	<u>73,700.00</u>	<u>-</u>	<u>1,103.52</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	208,365.00		-
Garden State Preservation Trust Fund	250,511.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>458,876.00</u>	<u>-</u>	<u>-</u>
Section D: Shared Service Agreements			
Collector Shared Service - Lawrence Township	15,000.00		(3,380.19)
Total Section D: Shared Service Agreements	<u>15,000.00</u>	<u>-</u>	<u>(3,380.19)</u>
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations	4,675.81		-
Recycling Tonnage Grant	75,727.70		-
ARP	220,000.00		-
NJDOT			
Total Section F: Special Items - Public and Private Programs	<u>300,403.51</u>	<u>-</u>	<u>-</u>
Off-Set with Appropriations			
		<u>300,403.51</u>	<u>-</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section G: Other Special Items	315,000.00	315,000.00	-
FEMA			
Total Section G: Other Special Items	315,000.00	315,000.00	-
Total Miscellaneous Revenues:	1,162,979.51	1,160,702.84	(2,276.67)
Receipts from Delinquent Taxes	147,500.00	146,888.68	(611.32)
Amount to be Raised by Taxes for Support of Municipal Budget	534,235.55	507,585.88	(26,649.67)
Local Tax for Municipal Purposes			
Total Amount to be Raised by Taxes for Support of Municipal Budget	534,235.55	507,585.88	(26,649.67)
Budget Totals	1,989,715.06	1,960,177.40	(29,537.66)
Non- Budget Revenues:			
Other Non- Budget Revenues:		58,932.89	58,932.89
	1,989,715.06	2,019,110.29	29,395.23
	1,989,715.06	2,019,110.29	29,395.23

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	3,849,081.77
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Less: Reserve for Tax Appeals Pending	-
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Net Revenue from Collections	3,849,081.77
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Allocated to:

School, County and Other Taxes	3,605,049.44
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Balance for Support of Municipal Budget Appropriations	244,032.33
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	263,553.55
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Amount for Support of Municipal Budget Appropriations	507,585.88
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	105,673.79
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Tax Title Lien Collections	41,214.89
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Total Receipts from Delinquent Taxes	146,888.68
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Miscellaneous	1,362.73
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Trailer Park	2,040.00
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Abandoned Property Reg Fee	4,750.00
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SC & Veteran Administration Fee	589.50
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Zoning maps and applications	800.00
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Zoning Permits	3,355.00
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Property list	110.00
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Cable Franchise Fee	5,441.89
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Street Opening Permits	31,250.00
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Recycling	1,468.20
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Voided Checks	5,312.15
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Court fees	2,453.42
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Total Miscellaneous Revenue Not Anticipated:	58,932.89
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**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Mayor and Committee						
Salaries and Wages	35,005.00	35,005.00	34,999.90		5.10	
Other Expenses	8,000.00	5,569.00	4,817.80	80.00	671.20	
Township Clerk						
Salaries and Wages	108,000.00	104,500.00	104,387.38		112.62	
Other Expenses	25,000.00	27,000.00	22,295.33	1,777.56	2,927.11	
Financial Administration						
Salaries and Wages	22,000.00	22,367.00	22,366.54		0.46	
Other Expenses	38,500.00	25,384.00	21,941.69	2,016.40	1,425.91	
Audit Services						
Other Expenses	25,000.00	25,000.00	25,000.00		-	
Assessment of Taxes						
Salaries and Wages	22,200.00	21,855.00	21,854.56		0.44	
Other Expenses						
Maintenance of Tax Map	500.00	500.00	489.00		11.00	
Miscellaneous Other Expenses	5,500.00	4,800.00	4,730.55	59.55	9.90	
Collection of Taxes						
Salaries and Wages	32,000.00	32,520.00	25,045.63		7,474.37	
Other Expenses						
Tax Sale Costs	1,000.00	1,000.00	382.20		617.80	
Miscellaneous Other Expenses	5,750.00	5,750.00	5,636.87		113.13	
Liquidation of Tax Title Liens						
Other Expenses	1.00	4,667.00	4,666.52		0.48	
Legal Services and Costs						
Other Expenses	30,000.00	29,200.00	26,342.02	2,500.00	357.98	
Engineering Services						
Other Expenses	20,000.00	53,000.00	48,735.30	1,605.00	2,659.70	
Municipal Court						
Other Expenses	5,000.00	5,900.00	5,899.54		0.46	
Insurance						
General Liability	20,770.00	21,222.00	21,221.45		0.55	
Workers Compensation Insurance	20,770.00	20,770.00	18,929.00		1,841.00	
Employee Group Health	67,200.00	66,748.00	56,368.51		10,379.49	

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries and Wages	3,500.00	3,500.00	3,478.54		21.46	
Other Expenses	4,000.00	4,000.00	3,212.27	435.14	352.59	
Housing Official						
Salaries and Wages	6,200.00	5,830.00	5,829.74		0.26	
Other Expenses	500.00	666.00	665.55		0.45	
Enforcement Officer						
Salaries and Wages	8,000.00	4,350.00	4,350.00		-	
Other Expenses	3,000.00	1,744.00			1,744.00	
<b>PUBLIC SAFETY</b>						
Emergency Management Services						
Salaries and Wages	4,500.00	4,502.00	4,500.34		1.66	
Other Expenses	3,000.00	3,000.00	2,680.98	79.02	240.00	
First Aid Organizations - Contribution	8,000.00	8,000.00			8,000.00	
<b>PUBLIC WORKS</b>						
Road Repairs and Maintenance						
Salaries and Wages	186,000.00	156,000.00	155,703.91		296.09	
Other Expenses	60,000.00	60,000.00	34,909.05	7,869.44	17,221.51	
Public Building and Grounds						
Other Expenses	10,000.00	15,000.00	13,936.80	522.68	540.52	
Garbage and Trash						
Salaries and Wages	23,000.00	16,794.00	16,793.13		0.87	
Other Expenses	130,000.00	129,906.00	98,140.02	25,144.69	6,621.29	
<b>HEALTH AND WELFARE</b>						
Environmental						
Other Expenses	1,500.00	1,500.00	1,448.03		51.97	
Historical						
Other Expenses	500.00	500.00			500.00	
Dog Regulation						
Other Expenses	17,500.00	18,500.00	17,152.63	1,347.37	-	
Recreation and Tourism						
Other Expenses	500.00	1.00			1.00	

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, 2022**

	Appropriations		Budget/After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget/After Modifications			Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>							
Natural Gas	7,000.00	8,000.00	6,930.43	1,000.00	69.57		
Electric	2,500.00	2,500.00	1,325.46	157.30	1,017.24		
Telephone	18,500.00	19,620.00	14,430.07	1,310.68	3,879.25		
Street Lighting	70,000.00	82,000.00	74,046.15	5,911.11	2,042.74		
Deficit in Utility Operations	7,500.00	7,500.00	7,500.00	-	-		
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>1,067,396.00</b>	<b>1,066,170.00</b>	<b>943,142.89</b>	<b>51,815.94</b>	<b>71,211.17</b>		
Contingent							
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>1,067,396.00</b>	<b>1,066,170.00</b>	<b>943,142.89</b>	<b>51,815.94</b>	<b>71,211.17</b>		
Detail:							
Salaries and Wages	450,405.00	407,223.00	399,309.67	-	7,913.33		
Other Expenses	616,991.00	658,947.00	543,833.22	51,815.94	63,297.84		
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>							
Deferred Charges:							
Overexpenditure of an Appropriation		-	-	-	-		
Statutory Expenditures:							
Contributions to:							
Public Employees' Retirement System	35,983.00	35,983.00	35,983.00	-	-		
Social Security System (O.A.S.I.)	30,000.00	31,226.00	31,225.90	-	0.10		
Unemployment Insurance	500.00	500.00	500.00	-	-		
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>66,483.00</b>	<b>67,709.00</b>	<b>67,708.90</b>	<b>-</b>	<b>0.10</b>		
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>1,133,879.00</b>	<b>1,133,879.00</b>	<b>1,010,851.79</b>	<b>51,815.94</b>	<b>71,211.27</b>		
<b>OPERATIONS - EXCLUDED FROM "CAPS" (A) Operations - Excluded from "CAPS" SFSP Fire District Payment</b>							
Shared Service Agreements	601.00	601.00	601.00	-	-		
Collector Shared Service - Lawrence Township	15,000.00	15,000.00	10,000.00	-	5,000.00		
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>15,601.00</b>	<b>15,601.00</b>	<b>10,601.00</b>	<b>-</b>	<b>5,000.00</b>		

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Budget After Modifications	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	-	-	-	-	-	-	-
Recycling Tonnage Grant	4,675.81	4,675.81	4,675.81	-	-	-	-
Sustainable Jersey	-	-	-	-	-	-	-
ARP	75,727.70	75,727.70	75,727.70	-	-	-	-
FEMA - Flood Mitigation Grant	-	-	-	-	-	-	-
USDA - Chipper	-	-	-	-	-	-	-
NJDOT	220,000.00	220,000.00	220,000.00	-	-	-	-
NJDOT - FY2020 Municipal Aid Program - Pennsylvania Ave	-	-	-	-	-	-	-
USDA - Feasibility Study	-	-	-	-	-	-	-
Matching Funds for Grants	10,000.00	10,000.00	10,000.00	-	-	-	10,000.00
<b>Total Public and Private Programs Off-Set by</b>	<b>310,403.51</b>	<b>310,403.51</b>	<b>310,403.51</b>	<b>300,403.51</b>	<b>-</b>	<b>10,000.00</b>	<b>-</b>
Revenues							
Total Operations - Excluded from "CAPS"	326,004.51	326,004.51	326,004.51	311,004.51	-	15,000.00	-
Detail:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	326,004.51	326,004.51	326,004.51	311,004.51	-	15,000.00	-
(C) Capital Improvements							
Capital Improvement Fund	-	-	-	-	-	-	-
Wastewater Repairs	-	-	-	-	-	-	-
Equipment	5,000.00	5,000.00	5,000.00	-	-	5,000.00	-
<b>Total Capital Improvements</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>-</b>	<b>-</b>	<b>5,000.00</b>	<b>-</b>
(D) Debt Service							
Payment of Bond Anticipation Notes	250,500.00	250,500.00	250,500.00	250,500.00	-	-	-
Interest on Notes	10,778.00	10,778.00	10,778.00	7,770.00	-	-	3,008.00
<b>Total Debt Service</b>	<b>261,278.00</b>	<b>261,278.00</b>	<b>261,278.00</b>	<b>258,270.00</b>	<b>-</b>	<b>-</b>	<b>3,008.00</b>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	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"	592,282.51	592,282.51	569,274.51	20,000.00	3,008.00
SUBTOTAL GENERAL APPROPRIATIONS	1,726,161.51	1,726,161.51	1,580,126.30	51,815.94	3,008.00
(M) Reserve for Uncollected Taxes	263,553.55	263,553.55	263,553.55	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 1,989,715.06	1,989,715.06	1,843,679.85	51,815.94	3,008.00
Budget		1,989,715.06		Cancelled	3,008.00
Appropriations by 40A-4-87		-		Overexpended	-
Emergency Appropriations		<u>1,989,715.06</u>			<u>3,008.00</u>
Reserve for Uncollected Taxes			263,553.55		
Deferred Charge			-		
Federal and State Grants			300,403.51		
Capital Improvements			-		
Disbursements			1,279,722.79		
			<u>1,843,679.85</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>2022</u>	<u>2021</u>
Dog License Fund:		
Cash	\$ 873.12	317.73
Due from Current Fund	-	-
Due from State of NJ	48.40	48.40
	<u>921.52</u>	<u>366.13</u>
Small Cities:		
Due from Current Fund	-	83,915.02
Due from Grant Fund	39,873.21	14,750.00
Loans Receivable	546,901.52	423,487.54
	<u>586,774.73</u>	<u>522,152.56</u>
Other Funds:		
Cash - Treasurer	89,199.52	57,042.05
Cash - Tax Collector	26,497.29	9,683.29
Due from Current Fund	-	-
Due from Current Fund - Escrow	36,737.74	36,550.24
Other Receivables	490.00	490.00
	<u>152,924.55</u>	<u>103,765.58</u>
	<u>\$ 740,620.80</u>	<u>626,284.27</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Reserve for Dog Fund Expenditures	\$ 578.82	308.30
Due to Current Fund	342.70	57.83
	<u>921.52</u>	<u>366.13</u>
Small Cities:		
Due to Current	39,873.21	98,665.02
Reserve for Loans Receivable	546,901.52	423,487.54
	<u>586,774.73</u>	<u>522,152.56</u>
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	7,529.88	5,143.65
Premiums Received at Tax Sale	18,000.00	3,500.00
Due to Current Fund	1,160.66	1,044.91
Miscellaneous Reserves	126,234.01	94,077.02
	<u>152,924.55</u>	<u>103,765.58</u>
	<u>\$ 740,620.80</u>	<u>626,284.27</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>2022</u>	<u>2021</u>
Cash	\$ 102,293.74	820,545.64
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	2,610,860.00	1,861,360.00
Interfunds:		
Due from Current Fund	315,470.03	-
Due from Utility Capital	98,814.14	-
Due from Grant Fund	333,465.30	333,465.30
Receivable		
NJ DOT	360,490.00	360,490.00
	<u>3,821,393.21</u>	<u>3,375,860.94</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	-	-
Interfunds:		
Due to Current Fund	-	210,769.72
Due to Grant Fund	3,500.00	3,500.00
Due to Utility Capital Fund	-	68,283.97
Bond Anticipation Notes Payable	1,418,600.00	1,669,100.00
Improvement Authorizations:		
Funded	192,161.61	141,940.65
Unfunded	2,133,734.35	1,133,734.35
Reserve for Landfill Closure	45,000.00	45,000.00
Reserve for Debt Service	245.00	245.00
Capital Improvement Fund	19,450.00	94,585.00
Fund Balance	8,702.25	8,702.25
	<u>\$ 3,821,393.21</u>	<u>3,375,860.94</u>

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

2021	192,260.00
2022	1,192,260.00

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

	2022	2021
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,**

	2022	2021
<b>ASSETS</b>		
Operating Fund:		
Cash	\$ -	-
Due from Current Fund	1,950.00	
	1,950.00	-
Deferred Charges:		
Overexpenditure of Appropriation	15,675.00	2,775.00
	15,675.00	2,775.00
Total Operating Fund	17,625.00	2,775.00
Capital Fund:		
Cash - Treasurer	-	-
Fixed Capital - Complete	-	-
Fixed Capital - Authorized and Uncomplete	16,174,159.00	14,141,000.00
Due from General Capital Fund	-	68,283.97
Total Capital Fund	16,174,159.00	14,209,283.97
	\$ 16,191,784.00	14,212,058.97

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,**

	2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ -	-
Reserve for Encumbrances	-	-
Accrued Interest on Bonds and Notes	17,625.00	2,775.00
Due to Current Fund	-	-
	17,625.00	2,775.00
Reserve for Receivables	-	-
Fund Balance	-	-
Total Operating Fund	17,625.00	2,775.00
Capital Fund:		
Due to General Capital	98,814.14	-
Bond Anticipation Notes	1,500,000.00	1,500,000.00
Improvement Authorizations:		
Funded	-	-
Unfunded	14,575,344.86	12,709,283.97
Reserve for Amortization	-	-
Reserve for Deferred Amortization	-	-
Capital Improvement Fund	-	-
Fund Balance	-	-
Total Capital Fund	16,174,159.00	14,209,283.97
	\$ 16,191,784.00	14,212,058.97
There were bonds and notes authorized but not issued at December 31		
2021	12,641,000.00	
2022	14,674,159.00	

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 2022	Year 2021
	<u>                    </u>	<u>                    </u>
Revenue and Other Income Realized		
Fund Balance	\$ -	-
Water & Sewer Rents	-	-
Miscellaneous Revenue Anticipated	-	-
Other Credits to Income:		
Deficit - Current Fund	7,500.00	-
Total Income	<u>7,500.00</u>	<u>-</u>
Expenditures		
Operations	25,950.00	2,775.00
Deferred Charges and Statutory Expenditures	-	-
Total Expenditures	<u>25,950.00</u>	<u>2,775.00</u>
Excess in Revenue	<u>(18,450.00)</u>	<u>(2,775.00)</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	18,450.00	2,775.00
Total Adjustments	<u>18,450.00</u>	<u>2,775.00</u>
Excess in Operations	<u>-</u>	<u>-</u>
Beginning Fund Balance	<u>-</u>	<u>-</u>
Increased/Decreased by:		
Utilization as Anticipated Revenue	-	-
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 2022	Year 2021
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, 2022**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$	-	-
Deficit (General Budget)	7,500.00	7,500.00	-
	<u>\$ 7,500.00</u>	<u>7,500.00</u>	<u>-</u>

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, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Interest on Bonds and Notes	\$ 4,725.00	4,725.00	23,175.00	-	-	(18,450.00)
Deferred Charges and Statutory Expenditures	2,775.00	2,775.00	2,775.00	-	-	
Expenditure without an Appropriation	<u>7,500.00</u>	<u>7,500.00</u>	<u>25,950.00</u>	<u>-</u>	<u>-</u>	<u>(18,450.00)</u>
	\$ <u>7,500.00</u>	<u>7,500.00</u>	<u>25,950.00</u>	<u>-</u>	<u>-</u>	<u>(18,450.00)</u>

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

**EXHIBIT - E**  
**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, 2022</u>	<u>Balance Dec. 31, 2021</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 601,374.00	521,885.00
Equipment	872,343.43	871,086.43
	<u>1,473,717.43</u>	<u>1,392,971.43</u>
Total General Fixed Assets		
	<u>1,473,717.43</u>	<u>1,392,971.43</u>
Investment in General Fixed Assets	\$ <u>1,473,717.43</u>	<u>1,392,971.43</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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 AND 2021**

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, 2022 AND 2021**

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

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

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 effective for fiscal periods beginning after June 15, 2021, and will not have any effect on the Township's financial reporting.

In October 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 98, "The Annual Comprehensive Financial Report". This statement is effective for fiscal periods ending after December 15, 2021, and will not have any effect on the Township's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement is effective for periods beginning after June 15, 2022 and June 15, 2023, and will not have any effect on the Township's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023, and will not have any effect on the Township's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023, and will not have any effect on the Township's financial reporting.

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
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**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 2022 and 2021 statutory budgets included a reserve for uncollected taxes in the amount of \$263,553.55 and \$307,111.69. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2022 and 2021 statutory budgets was \$145,000 and \$140,000.

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 2022 and 2021 calendar years:

<u>Budget Category</u>	<u>2022</u>	<u>2021</u>
<u>Current Fund:</u>		
Financial Administration		
Other Expenses	(13,116.00)	8,100.00
Legal Services and Costs		
Other Expenses		(41,206.00)
Engineering Services		
Other Expenses	33,000.00	8,270.00
Housing Official		
Salaries and Wages		(5,600.00)
Road Repair and Maintenance		
Salaries and Wages	(30,000.00)	
Public Buildings and Grounds		
Other Expenses		19,825.00
Street Lighting	12,000.00	(5,150.00)

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**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 2022 and 2021, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2022</u>	<u>2021</u>
Clean Communities		8,542.93
Historical Commission - NJ Historic Trust		29,000.00
FEMA - Flood Mitigation Grant		25,000.00
NJDOT - FY2021 Municipal Aid Program		246,000.00
NJDOT - FY2020 Municipal Aid Program - Pennsylvania Ave		85,400.00
USDA - Feasibility Study		30,000.00

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 2022 or 2021.

**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, 2022 AND 2021**

**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, 2022 and 2021, \$0 of the municipality’s bank balance of \$1,093,539.37 and \$1,921,895.76 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, 2022 and 2021:

	Balance 12/31/2020	Additions	Retirements/ Adjustments	Balance 12/31/2021
Land, Buildings and Improvements	\$ 730,035.28	4,090.00	(212,240.28)	521,885.00
Equipment	871,086.43			871,086.43
	<u>\$ 1,601,121.71</u>	<u>4,090.00</u>	<u>(212,240.28)</u>	<u>1,392,971.43</u>

	Balance 12/31/2021	Additions	Retirements/ Adjustments	Balance 12/31/2022
Land, Buildings and Improvements	\$ 521,885.00	79,489.00		601,374.00
Equipment	871,086.43	1,257.00		872,343.43
	<u>\$ 1,392,971.43</u>	<u>80,746.00</u>	<u>-</u>	<u>1,473,717.43</u>

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/21	Issued	Retired	Balance 12/31/22
Bond Anticipation				
Notes payable:				
General	\$ 1,669,100.00		250,500.00	1,418,600.00
Water/Sewer				
Utility	1,500,000.00	-		1,500,000.00
	<u>\$ 3,169,100.00</u>	<u>-</u>	<u>250,500.00</u>	<u>2,918,600.00</u>

The Township has \$181,100.00 in outstanding bond anticipation notes as of December 31, 2022 payable to the MEL JIF at a rate of 4.25% interest. The note payable will mature on December 5, 2023.

The Township has \$1,000,000 in outstanding bond anticipation notes as of December 31, 2022 payable to the Current Fund, at a rate of 0% interest. The note payable will mature on December 28, 2023.

The Township has \$237,500 in outstanding bond anticipation notes as of December 31, 2021 payable to the Current Fund, at a rate of 0% interest. The note payable will mature on March 7, 2023.

The Township has \$1,500,000 in outstanding bond anticipation notes in the Utility Capital Fund as of December 31, 2022 payable to Amboy Bank, at a rate of 2.35% interest. The note payable will mature on March 13, 2023.

<u>Summary of Municipal Debt</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
General Bond Anticipation Notes	\$ 1,418,600.00	1,669,100.00	1,744,100.00
Utility Bond Anticipation Notes	1,500,000.00	1,500,000.00	
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,192,260.00	192,260.00	192,260.00
Utility - Bonds and Notes	4,103,000.00	4,103,000.00	5,603,000.00
Total Current Fund Issued and Authorized But Not Issued	<u>\$ 8,213,860.00</u>	<u>\$ 7,464,360.00</u>	<u>\$ 7,539,360.00</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 2.045%.

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 3,977,066.00	3,977,066.00	-
Utility Debt	5,603,000.00	5,303,000.00	300,000.00
General Debt	2,610,500.00	-	2,610,500.00
	<u>\$ 12,190,566.00</u>	<u>9,280,066.00</u>	<u>2,910,500.00</u>

Net Debt \$2,910,500.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, 142,319,306.33 = 2.045%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	4,981,175.72
Net Debt		2,910,500.00
Remaining Borrowing Power	<u>\$</u>	<u>2,070,675.72</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, 2022 and 2021, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
\$	482,000.00	145,000.00

**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>12/31/2022</u>	<u>12/31/2021</u>
Balance of Tax	\$ 760,175.89	760,175.89
Deferred	550,000.00	550,000.00
Tax Payable	<u>\$ 210,175.89</u>	<u>210,175.89</u>

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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:

	Balance 12/31/22	Balance 12/31/21
Prepaid Taxes	\$ 95,751.53	89,725.39
Cash Liability for Taxes Collected in Advance	\$ 95,751.53	89,725.39

**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/annrpts.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, 2022, 2021, and 2020 were \$35,983, \$36,400, and \$25,813.

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.

**TOWNSHIP OF DOWNE**  
**NOTES TO FINANCIAL STATEMENTS**  
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Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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  $\frac{1}{60}$ th from  $\frac{1}{55}$ th, 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  $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

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

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

**Note 11: PENSION LIABILITIES**

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

The following represents the municipality’s pension liabilities as June 30, 2021:

**Public Employees’ Retirement System**

The Municipality has a liability of \$363,988 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021. 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, 2021, the Municipality’s proportion would be .00307253880%, which would be a decrease of 7.66% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of \$(10,483.00). At December 31, 2021, 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	\$ 5,741	\$ (2,606)
Changes of assumptions	1,896	(129,582)
Changes in proportion	135,884	(71,437)
Net difference between projected and actual earnings on pension plan investments		(95,884)
Total	<u>\$ 143,521</u>	<u>\$ (299,509)</u>

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
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Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2022	\$	(60,775)
2023		(43,394)
2024		(29,587)
2025		(22,241)
2026		9
Total	<u>\$</u>	<u>(155,988)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the

**TOWNSHIP OF DOWNE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, 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 or 1-percentage point higher than the current rate:

**TOWNSHIP OF DOWNE  
NOTES TO FINANCIAL STATEMENTS  
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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 445,521	\$ 363,988	\$ 294,884

*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, 2022 and 2021 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.

**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
2022	\$ 18,016.29	500.00	969.59	17.99	81.78	19,422.09
2021	16,672.06	500.00	926.59	16.74	99.10	18,016.29
2020	15,818.55	-	902.66	34.92	84.07	16,672.06



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

**Note 16: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through June 12, 2023, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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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**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER**  
**MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the Township Committee  
Township of Downe  
County of Cumberland, 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 financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Downe, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 12, 2023, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Downe prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's control over financial reporting (internal control) as a basis for designing 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 the Township's internal control.

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

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

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

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

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

June 12, 2023

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2021	\$ 603,745.45	97,704.01
Increased by Receipts:		
Taxes Receivable	3,827,925.94	
Tax Title Liens	41,214.89	
Prepaid Taxes	95,751.53	
Revenue Accounts Receivable	623,002.03	
Miscellaneous Revenue	58,932.89	
Senior Citizen and Veterans	29,375.00	
Reserve for FEMA	67,297.37	
Reserve for Municipal Relief Aid	10,869.00	
Due from Capital Fund	437,579.04	
Due from Trust - Escrows	187.50	
Due to Trust		16,208.52
Due from Federal & State Grant Fund	181,988.17	
	5,374,123.36	-
	5,977,868.81	16,208.52
		113,912.53
Decreased by Disbursements:		
Current Year Appropriation	1,279,722.79	
Prior Year Appropriations	28,923.71	
County Taxes	1,661,112.03	
Local District School Taxes	1,626,189.00	
Special District Taxes	312,442.00	
Tax Overpayments Refunded	144.70	
Due from Capital	151,600.00	
Due from Trust - Small Cities	123,413.98	
Due from Sewer Utility Operating		25,123.21
Due from Federal & State Grant Fund	78,051.34	
	5,261,599.55	25,123.21
Balance December 31, 2022	\$ <u>716,269.26</u>	<u>88,789.32</u>

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

Year	Balance Dec. 31, 2021	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2022
				2021	2022				
Arrears	\$ 4,102.98					113.62			3,989.36
2018	2,611.31				2,611.31				-
2019	7,494.17				6,345.30	5.83			1,143.04
2020	16,491.70				6,452.62	362.75			9,676.33
2021	116,542.86				90,264.56	12,565.47	5,415.34		8,297.49
	147,243.02	-	-	-	105,673.79	13,047.67	5,415.34	-	23,106.22
2022		4,146,221.71		89,725.39	3,759,356.38	32,362.82	91,256.43		173,520.69
	\$ 147,243.02	4,146,221.71	-	89,725.39	3,865,030.17	45,410.49	96,671.77	-	196,626.91

Cash Receipts 3,827,925.94  
 Overpayments 5,135.48  
 Senior Citizens and Veterans 31,968.75  
3,865,030.17

**Analysis of Current Year Tax Levy**

Tax Yield:  
 General Property Tax 3,828,003.71  
 Special District Taxes 318,218.00  
 Added Taxes (54:4-63.1 et. Seq.) -  
4,146,221.71

Tax Levy:  
 Special District Tax 318,218.00  
 General County Taxes 1,561,577.98  
 County Library Taxes -  
 County Open Space Taxes 14,210.77  
 County Health Taxes 83,800.99  
 County Added and Omitted Taxes 1,052.70  
 Total County Taxes 1,660,642.44

Local School District Tax 1,626,189.00  
 Additional Local School District Tax -

Local Tax for Municipal Purposes 534,235.55  
 Add: Additional Tax Levied 6,936.72  
541,172.27  
4,146,221.71

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

Balance December 31, 2021		\$	512,246.08
Increased by:			
Transfers from Taxes Receivable	96,671.77		
Interest and Costs Accrued at Tax Sale	<u>1,967.04</u>		
			<u>98,638.81</u>
			610,884.89
Decreased by:			
Collections	41,214.89		
Other	<u>40,796.83</u>		
			<u>82,011.72</u>
Balance December 31, 2022		\$	<u><u>528,873.17</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2021	Accrued in 2022	Treasurer	Other	Balance Dec. 31, 2022
Miscellaneous Revenue Anticipated					
Licenses - Other	-	16,578.25	16,578.25		-
Interest and Costs on Taxes	-	56,863.15	56,863.15		-
Interest on Investments	-	1,362.12	1,362.12		-
Energy Receipts Tax	-	208,365.00	208,365.00		-
Garden State Trust	-	250,511.00	250,511.00		-
Collector Shared Service - Lawrence	-	11,619.81	11,619.81		-
FEMA	-	315,000.00	315,000.00		-
Miscellaneous Revenue Not Anticipated					
		58,932.89	58,932.89		-
	<u>          -</u>	<u>919,232.22</u>	<u>919,232.22</u>	<u>          -</u>	<u>          -</u>
		Cash	681,934.92		
		Noncash	-		
		Prior Reserves	<u>237,297.30</u>		
			<u>919,232.22</u>		

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee					
Other Expenses	\$ 405.85	405.85	20.00	385.85	-
Township Clerk					
Other Expenses	4,613.45	4,613.45	3,945.59	667.86	-
Financial Administration					
Other Expenses	3,230.69	3,230.69	1,527.64	1,703.05	-
Legal Services and Costs					
Other Expenses	2,561.96	2,561.96	1,971.00	590.96	-
Engineering Services					
Other Expenses	10,626.17	10,626.17	4,783.00	5,843.17	-
Insurance					
General Liability	150.27	150.27	150.27	-	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	612.10	612.10	200.00	412.10	-
PUBLIC WORKS					
Road Repair and Maintenance					
Other Expenses	6,277.87	6,277.87	4,866.13	1,411.74	-
Public Buildings and Grounds					
Other Expenses	1,005.52	1,005.52	940.00	65.52	-
Garbage and Trash					
Other Expenses	2,212.56	8,086.84	8,086.84	-	-
UTILITY EXPENSES AND BULK PURCHASES					
Natural Gas	1,509.65	1,509.65	1,041.51	468.14	-
Telephone	1,805.79	1,805.79	1,355.88	449.91	-
Street Lighting	11,929.78	6,055.50	35.85	6,019.65	-
Accounts with no change	63,525.50	63,525.50	-	63,525.50	-
	<u>\$ 110,467.16</u>	<u>110,467.16</u>	<u>28,923.71</u>	<u>81,543.45</u>	<u>-</u>
Reserves	89,320.40				
Encumbrances	<u>21,146.76</u>				
	<u>110,467.16</u>				

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

Balance December 31, 2021			
School Tax Payable	\$	210,175.89	
School Tax Deferred		550,000.00	
		760,175.89	\$ 760,175.89
Increased by:			
Levy - School Year July 1, 2021 to June 30, 2022			1,626,189.00
			2,386,364.89
Decreased by:			
Payments			1,626,189.00
Balance December 31, 2022			
School Tax Payable		210,175.89	
School Tax Deferred		550,000.00	
		760,175.89	760,175.89
Current Year Liability for Local School District School Tax:			
Tax Paid			1,626,189.00
Tax Payable Ending			210,175.89
			1,836,364.89
Less: Tax Payable Beginning			210,175.89
Amount charged to Current Year Operations			\$ 1,626,189.00

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

Purpose	Balance Dec. 31, 2021	Transferred From 2022 Revenues	Received	Adjustments	Balance Dec. 31, 2022
<b>FEDERAL GRANTS:</b>					
Small Cities - 2013	-				-
Small Cities - Gandy's Beach	192,617.16				192,617.16
Small Cities - CDBG	100,000.00				100,000.00
Small Cities - 2017	23,761.62				23,761.62
Small Cities - 2018	8,721.88				8,721.88
Small Cities - 2020	94,817.38		94,817.38		-
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	-				-
USDA - PW Vehicle	-				-
USDA - Feasibility	30,000.00				30,000.00
FEMA - Maple Avenue	15,643.22				15,643.22
FEMA - Dyer Cove	17,997.61				17,997.61
FEMA - Flood Mitigation Grant	25,000.00				25,000.00
American Rescue Plan		75,727.70	75,727.70		-
National Fish and Wildlife	44,920.00				44,920.00
<b>Total Federal</b>	<b>611,112.62</b>	<b>75,727.70</b>	<b>170,545.08</b>	<b>-</b>	<b>516,295.24</b>

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

Purpose	Balance Dec. 31, 2021	Transferred From 2022 Revenues	Received	Adjustments	Balance Dec. 31, 2022
<b>STATE GRANTS:</b>					
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
2020		220,000.00			220,000.00
Newport Streetscape	990,000.00				990,000.00
Delaware Avenue	200,816.00				200,816.00
Campbell Street	53,186.00		-		53,186.00
Clean Communities	0.32				0.32
Recycling Tonnage Grant		2,220.27	2,220.27		-
Historical Commission - NJ Historic Trust Grant	29,000.00				29,000.00
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
NJDOT - FY2021 Municipal Aid Program	246,000.00				246,000.00
NJDOT - FY2020 Municipal Aid Program	85,400.00				85,400.00
Total State	<u>1,863,130.36</u>	<u>222,220.27</u>	<u>2,220.27</u>	<u>-</u>	<u>2,083,130.36</u>
<b>LOCAL GRANTS:</b>					
Cumberland County LHCC Initiative	3,000.00				3,000.00
Total Local	<u>3,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000.00</u>
\$	<u>2,477,242.98</u>	<u>297,947.97</u>	<u>172,765.35</u>	<u>-</u>	<u>2,602,425.60</u>
		Cash	94,817.38		
		Unappropriated Reserves	77,947.97		
			<u>172,765.35</u>		

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

	Balance December 31, 2021		2022		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2022
	Appropriated	Reserve for Encumbrances	Appropriations	Encumbrances				
<b>FEDERAL GRANTS:</b>								
Small Cities - 2018	6,234.31							6,234.31
Small Cities - Local Match - 2018	2,800.00							865.00
Small Cities - Local Match	10,133.20			1,935.00				8,131.80
Small Cities - 2013	320.05							320.05
Small Cities - Bayview Bulkhead	5,791.12							5,791.12
Small Cities - 2020	42,729.98	425.00			12,500.00			30,654.98
USDA - Door	5,500.00							5,500.00
USDA - Water / Wastewater	1,648.75							1,648.75
USDA - Feasibility	4,342.50			787.50				3,555.00
National Fish and Wildlife	44,325.00							44,325.00
National Fish and Wildlife - Match	12,152.00							12,152.00
FEMA - Maple Avenue	29,574.22							29,574.22
Hurricane Sandy Flood Relief	16,177.52							16,177.52
FEMA - Flood Mitigation Grant	6,930.00			319.00				6,611.00
FEMA - Flood Mitigation Grant Match	6,250.00							6,250.00
DEP - Shore Protection	287.77							287.77
American Rescue Plan			75,727.70		22,000.00			53,727.70
<b>Total Federal</b>	<b>195,196.42</b>	<b>425.00</b>	<b>75,727.70</b>	<b>1,935.00</b>	<b>44,926.52</b>	<b>-</b>	<b>-</b>	<b>224,487.60</b>
<b>STATE GRANTS:</b>								
NJ Transportation Trust Fund Authority Act of 1984								
2012 Fortescue	8.61							8.61
2011 - Laura, Russell and Union	10,913.17							10,913.17
2013 - Garrison Avenue	36,793.44							36,793.44
2020			220,000.00					220,000.00
Newport Streetscape	987,730.00				35.36			987,694.64
Delaware Avenue	190,316.00							190,316.00
Campbell Street	7,723.75							7,723.75
Money Island	397,500.00							397,500.00
Clean Communities	54,734.46				24,880.41			29,854.05
Recycling Tonnage	10,742.15	187.07						10,929.22
Sustainable Jersey	2,500.00							2,500.00
Historical Commission - NJ Historic Trust Grant	24,835.00			4,675.81				20,159.19
Historical Commission - NJ Historic Trust Grant Match	14,500.00				8,209.05			6,290.95
Generator Match	8,000.00							8,000.00
NJDOT - NJ Ave	32,750.00							32,750.00
NJDOT - 2017	28,255.50							28,255.50
NJDOT - 2020	85,400.00							85,400.00
NJDOT - FY2021 Municipal Aid Program	246,000.00							246,000.00
NJDOT - FY2020 Municipal Aid Program - Pennsylvania	85,400.00							85,400.00
<b>Total State</b>	<b>2,224,102.08</b>	<b>187.07</b>	<b>224,675.81</b>	<b>354.20</b>	<b>33,124.82</b>	<b>-</b>	<b>-</b>	<b>2,415,485.94</b>
<b>LOCAL GRANTS:</b>								
Cumberland County LHCC Initiative	3,000.00							3,000.00
<b>Total Local</b>	<b>3,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,051.34</b>	<b>-</b>	<b>-</b>	<b>2,642,973.54</b>
	<b>2,422,298.50</b>	<b>612.07</b>	<b>300,403.51</b>	<b>2,289.20</b>	<b>78,051.34</b>	<b>-</b>	<b>-</b>	<b>2,642,973.54</b>

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

<u>Purpose</u>	Balance Dec. 31, 2021	Transferred To 2022 Appropriations	Received	Adjustments	Balance Dec. 31, 2022
<b>FEDERAL GRANTS:</b>					
American Rescue Plan	\$ 75,727.70	75,727.70	75,727.70		75,727.70
Total Federal	<u>75,727.70</u>	<u>75,727.70</u>	<u>75,727.70</u>	-	<u>75,727.70</u>
<b>STATE GRANTS:</b>					
CCHC 2022	-	-	3,172.50		3,172.50
Recycling Tonnage Grant	2,220.27	2,220.27	8,270.59		8,270.59
Total State	<u>2,220.27</u>	<u>2,220.27</u>	<u>11,443.09</u>	-	<u>11,443.09</u>
	<u>\$ 77,947.97</u>	<u>77,947.97</u>	<u>87,170.79</u>	-	<u>87,170.79</u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	Dog Licenses	Other
Balance December 31, 2021	\$ 317.73	57,042.05
Increased by Receipts:		
Dog License Fees 2022	554.70	
Due to State of New Jersey	157.20	
Due from Current Fund	0.69	55.27
Miscellaneous Trust Reserves		59,118.06
	712.59	59,173.33
	1,030.32	116,215.38
Decreased by Disbursements		
Statutory Expenditures	-	
Due to State of New Jersey	157.20	
Due to Current Fund	-	54.79
Miscellaneous Trust Reserves		26,961.07
	157.20	27,015.86
Balance December 31, 2022	\$ <u>873.12</u>	89,199.52

**TRUST FUND  
SCHEDULE OF CASH - COLLECTOR**

		Tax Title Lien Redemption
Balance December 31, 2021	\$	9,683.29
Increased by Receipts:		
Interest		38.99
Deposits for Redemption of Tax Sale Certificates		144,733.13
Premium		27,200.00
		171,972.12
		181,655.41
Decreased by Disbursements		
Returned Premiums		12,700.00
Refunds of Tax Sale Certificates		142,346.90
Interest		111.22
		155,158.12
Balance December 31, 2022	\$	26,497.29

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

Balance December 31, 2021		\$ 308.30
Increased by:		
Dog License Fees Collected		554.70
		863.00
Decreased by:		
Statutory Excess	284.18	
Expenditures under N.J.S. 4:19-15:11		284.18
Balance December 31, 2022		\$ 578.82

License Fees Collected:

Year	Amount
2021	\$ 249.02
2020	329.80
	\$ 578.82

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

	<u>Ref.</u>		
Balance December 31, 2021		\$	57.83
Increased by:			
Miscellaneous	0.69		
Statutory Excess	<u>284.18</u>		284.87
			<u>342.70</u>
Decreased by:			
Payment			<u>        </u>
Balance December 31, 2022		\$	<u><u>342.70</u></u>

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

Balance December 31, 2021		\$	(48.40)
Increased by:			
2022 State License Fees			<u>157.20</u>
			108.80
Decreased by:			
Disbursements to the State			<u>157.20</u>
Balance December 31, 2022		\$	<u><u>(48.40)</u></u>

**TRUST - OTHER FUNDS  
 SCHEDULE OF DUE TO/(FROM) CURRENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Reserve</u>	Balance Dec 31, 2021	Receipts	Disbursements	Balance Dec 31, 2022
Tax Title Lien Redemption	\$ 1,039.64		72.23	967.41
Unemployment	0.24			0.24
Developer's Escrow	(36,550.24)	11.34	11.34	(36,550.24)
Sandy Donation	2.12	0.48		2.60
Recreation	2.91	43.45	43.45	2.91
	<u>\$ (35,505.33)</u>	<u>55.27</u>	<u>127.02</u>	<u>(35,577.08)</u>
				-
Tax Collector		-	72.23	
Treasurer		55.27	54.79	
		<u>55.27</u>	<u>127.02</u>	

**TRUST - OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Reserve</u>	<u>Increased by</u>		<u>Decreased by</u>		<u>Balance Dec 31, 2022</u>
	<u>Balance Dec 31, 2021</u>	<u>Receipts</u>	<u>Adjustment</u>	<u>Disbursements</u>	
Hurricane Sandy Relief	\$ 456.05	0.48			456.53
Developer's Escrow	46,689.61	11,126.68		1,939.00	55,877.29
Recreation	28,915.07	46,503.32		24,940.29	50,478.10
Unemployment Trust	18,016.29	1,487.58		81.78	19,422.09
	<u>\$ 94,077.02</u>	<u>59,118.06</u>	<u>-</u>	<u>26,961.07</u>	<u>126,234.01</u>

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

Balance December 31, 2021		\$	820,545.64
Increased by:			
Receipts	151,600.00		
	<hr/>		<hr/>
			151,600.00
			972,145.64
Decreased by:			
Disbursements	869,851.90		
	<hr/>		<hr/>
			869,851.90
Balance December 31, 2022		\$	<u><u>102,293.74</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2021		Receipts		Disbursements		Transfers		Balance Dec. 31, 2022
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$	8,702.25							8,702.25
Capital Improvement Fund		94,585.00							19,450.00
Due to Current Fund		210,769.72	151,600.00			677,839.75	75,135.00		(315,470.03)
Due to Grant Fund		(329,965.30)							(329,965.30)
Due to Utility Capital Fund		68,283.97				167,098.11			(98,814.14)
Receivable - NJ DOT		(360,490.00)							(360,490.00)
Reserve for Debt Service		245.00							245.00
Reserve for Encumbrance		-							-
Reserve for Landfill Closure		45,000.00							45,000.00
<u>Improvement Authorizations:</u>		-							-
04-03 Aluminum Observation Tower		385.00							385.00
01-12 Various Improvements		140,960.65							140,960.65
02-13 Improvements to Buildings		595.00							595.00
08-14 Gandy's Beach Bulkhead		109,964.63							109,964.63
01-15 Various Equipment		(175,750.00)							(175,750.00)
4-17 Sewer Improvements		1,000,000.00							1,000,000.00
19-15 Property Acquisition		7,259.72			18,435.00			18,435.00	-
12-21 Land Acquisition					6,479.04			6,479.04	50,220.96
4-22 Various Equipment					24,914.04			24,914.04	
	\$	820,545.64	151,600.00	-	844,937.86	75,135.00	75,135.00	75,135.00	102,293.74

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

Balance December 31, 2021		\$	94,585.00
Increased by:			
Budget Appropriation			
	<hr/>		<hr/>
			-
			94,585.00
Decreased by:			
Current Year Ordinances	75,135.00		
Grant Match			
	<hr/>		<hr/>
			75,135.00
Balance December 31, 2022		\$	<u>19,450.00</u>

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

Balance December 31, 2021		\$	
Increased by:			
No current year activity	_____		_____ -
			-
Decreased by:			
	_____		_____ -
			-
Balance December 31, 2022		\$	_____ -





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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
			Date	Amount					
No current year activity						\$			
						\$			

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
Various Improvements	01-12	12/17/2014	12/8/2021	12/7/2022	\$	142,540.00	-	142,540.00	-
Gandy's Beach	08-14	12/16/2015	12/7/2022	12/5/2023	4.250%	289,060.00	-	107,960.00	181,100.00
Sewer Improvements	04-17	12/30/2020	12/29/2022	12/28/2023	0.000%	1,000,000.00	-	-	1,000,000.00
Property Acquisition	15-19	3/10/2020	3/8/2022	3/7/2023	0.000%	237,500.00	-	-	237,500.00
					\$	<u>1,669,100.00</u>	<u>-</u>	<u>250,500.00</u>	<u>1,418,600.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Debt Issued	Other	Balance Dec. 31, 2022
08-14	Gandy's Beach Bulkhead	\$ 16,510.00				16,510.00
01-15	Dump Truck/Alarm System	175,750.00				175,750.00
05-22	Various Improvements	-	1,000,000.00	-		1,000,000.00
		<u>\$ 192,260.00</u>	<u>1,000,000.00</u>	<u>-</u>	<u>-</u>	<u>1,192,260.00</u>

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

	Operating Fund	Capital Fund
Balance December 31, 2021	\$ -	-
Increased by Receipts:		
No current year activity	-	
	-	-
Decreased by Disbursements:		
	-	
Balance December 31, 2022	\$ -	-

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

	Balance Dec. 31, 2021	Receipts		Disbursements		Transfers		Balance Dec. 31, 2022
		Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	
\$	-							-
Due to Current Fund	-							-
Encumbrances Payable	-							-
Grant Receivable	-							-
Due from General Capital fund	68,283.97				167,098.11			(98,814.14)
<u>Improvement Authorizations:</u>								
561 Water System Improvements	-					167,098.11		-
561 Water System Improvements	(68,283.97)							98,814.14
\$	-				167,098.11	167,098.11		-

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

Balance December 31, 2021		\$	-
Increased by:			
No current year activity			
	<hr/>		-
			-
Decreased by:			
	<hr/>		-
			-
Balance December 31, 2022		\$	<u><u>-</u></u>

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

Balance December 31, 2021		\$	-
Increased by:			
No current year activity	-		
	<hr/>		-
			-
Decreased by:			
	-		
	<hr/>		-
			-
Balance December 31, 2022		\$	<u><u>-</u></u>

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

	Balance Dec. 31, 2021	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, 2021		
Increased by:		
Current year accrued interest	17,625.00	
	<hr/>	<hr/> 17,625.00
		17,625.00
Decreased By:		
No current year activity		<hr/>
Balance December 31, 2022		<hr/> <hr/> 17,625.00

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2021		Other Funding	Authorizations		Paid or Charged	Balance December 31, 2022	
				Funded	Unfunded		Deferred Charges to Future Revenue	Other		Funded	Unfunded
2020-7	Wastewater Treatment Facility	5/11/2020	16,174,159	-	12,709,283.97	-	2,033,159.00	167,098.11	-	14,575,344.86	-
			\$		12,709,283.97	-	2,033,159.00	167,098.11		14,575,344.86	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2021	Increased	Decreased	Refunded	Balance Dec. 31, 2022
			Date	Amount	December 31, 2022	December 31, 2021						
No current year activity							\$ -				-	
							\$ -				-	

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

Purpose	Maturities of Bonds Outstanding December 31, 2022		Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
	Date	Amount			
No current year activity			\$		-
			\$	-	-
				-	-

**WATER AND SEWER UTILITY 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, 2021	Increased	Decreased	Balance Dec. 31, 2022
Sewer Treatment Plant	2020-7	6/2021	6/14/2022	3/13/2023	2.35%	1,500,000.00	-	-	1,500,000.00
						\$ 1,500,000.00			1,500,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Debt Issued	Other	Balance Dec. 31, 2022
2020-7	Wastewater Treatment Facility	\$ 12,641,000.00	2,033,159.00			14,674,159.00
		<u>\$ 12,641,000.00</u>	<u>2,033,159.00</u>	<u>-</u>	<u>-</u>	<u>14,674,159.00</u>

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**TOWNSHIP OF DOWNE**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2022**

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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 sought by public advertising for 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 4, 2022, 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 2022.

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 21, 2022 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>
2022	84
2021	100
2020	121

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 2023 and 2022 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
2022	\$ 4,146,222	3,849,082	92.83%
2021	3,958,257	3,710,056	93.73%
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%

### Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	\$ 2.374	2.253	2.222	2.186	2.229
Apportionment of Tax Rate:					
Municipal	0.332	0.323	0.304	0.287	0.286
County	1.032	0.989	0.997	1.007	1.081
School	1.010	0.941	0.921	0.892	0.862
Assessed Valuation	\$ 161,084,400	161,779,900	165,294,300	167,308,400	170,061,400

### 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
2022	\$ 528,873	196,627	725,500	17.50%
2021	512,246	147,243	659,489	16.66%
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%

**FINDINGS AND RECOMMENDATIONS**

*None*

**STATUS OF PRIOR RECOMMENDATIONS**

*None*

**RECOMMENDATIONS**

*None*

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

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

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

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

**June 12, 2023**