

TOWNSHIP OF DOWNE

CUMBERLAND COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

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TOWNSHIP OF DOWNE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023 and 2022, 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, 2023 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 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 July 29, 2024, 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**

July 29, 2024

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**EXHIBIT - A
CURRENT FUND**

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

	2023	2022
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 609,510.89	716,269.26
Total Cash	609,510.89	716,269.26
Investment in BAN	1,216,525.43	1,237,500.00
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	21,566.08	21,358.55
Total Other Receivables	21,566.08	21,358.55
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	156,775.26	196,626.91
Tax Title and Other Liens	552,480.12	528,873.17
Property Acquired for Taxes - at Assessed Valuation	333,300.00	333,300.00
Due from Fairfield Township	-	58.02
Interfund Receivable:		
Utility Operating	17,562.50	-
Utility Capital	12,781.50	
Trust Fund - Other	5.75	1,160.66
Trust Fund - Small Cities	39,873.21	39,873.21
Dog Trust	342.70	342.70
Total Receivables and Other Assets	1,113,121.04	1,100,234.67
Deferred Charges:		
Overexpenditure of appropriation	-	-
Expenditures without appropriation	-	-
Total Deferred Charges	-	-
Total Regular Fund	2,960,723.44	3,075,362.48
Federal and State Grant Fund:		
Cash	101,536.30	88,789.32
Federal and State Grants Receivable	4,117,567.62	2,602,425.60
Due from Current Fund	340,001.71	430,581.72
Due from Capital Fund	-	3,500.00
Total Federal and State Grant Fund	4,559,105.63	3,125,296.64
Total Current Fund	\$ 7,519,829.07	6,200,659.12

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 69,583.01	91,211.27
Reserve for Encumbrances	28,907.49	51,815.94
Prepaid Taxes	124,013.75	95,751.53
Overpaid Taxes	2,900.63	2,900.63
Accrued Payroll Taxes	1,873.04	1,873.04
Escrow Deposits	241.79	241.78
Local School Tax Payable	199,222.89	210,175.89
County Added Tax Payable	2,270.25	1,052.72
Special District Tax Payable	102,725.16	10,185.78
Due to State - Marriage Licenses	450.00	450.00
Reserve for FEMA	15,501.19	67,297.37
Reserve for Land Sale Deposits	55,000.00	-
Reserve for Municipal Relief Aid	21,733.39	10,869.00
Interfund Payable:		
Grant Fund	340,001.71	430,581.72
Capital Fund	137,155.00	315,470.03
Trust Fund - Escrow	36,737.74	36,737.74
Due to Tax Title Lien	40,949.19	-
Sewer Utility Operating	-	1,950.00
	1,179,266.23	1,328,564.44
Reserve for Receivables and Other Assets	1,113,121.04	1,100,234.67
Fund Balance	668,336.17	646,563.37
Total Regular Fund	2,960,723.44	3,075,362.48
Federal and State Grant Fund:		
Unappropriated Reserves	3,172.50	87,170.79
Appropriated Reserves	4,157,920.02	2,642,973.54
Encumbrances Payable	8,650.00	2,289.20
Due to Capital Fund	329,965.30	333,465.30
Due to Trust Fund	39,873.21	39,873.21
Other Payables	11.25	11.25
Reserve for State Grant		
Small Cities Loans	19,513.35	19,513.35
Total Federal and State Grant Fund	4,559,105.63	3,125,296.64
Total Current Fund	\$ 7,519,829.07	6,200,659.12

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

	2023	2022
Revenue and Other Income Realized		
Fund Balance	\$ 482,000.00	145,000.00
Miscellaneous Revenue Anticipated	2,362,365.21	1,160,702.84
Receipts from Delinquent Taxes	255,098.81	146,888.68
Receipts from Current Taxes	3,939,843.78	3,849,081.77
Non Budget Revenue	90,114.40	58,932.89
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	104,971.44	81,543.45
Payables Canceled		-
Interfund Returned	1,154.91	210,769.72
Total Income	<u>7,235,548.55</u>	<u>5,652,919.35</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	471,715.20	459,038.94
Other Expenses	657,090.80	607,131.06
Deferred Charges & Statutory Expenditures	71,513.00	67,709.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	31,800.00	15,601.00
Public and Private Programs Offset by Revenues	1,676,357.68	310,403.51
Capital Improvements	1,000.00	5,000.00
Debt Service	209,750.37	258,270.00
Deferred Charges	-	-
Local District School Tax	1,709,544.00	1,626,189.00
Special District Tax	323,536.38	318,218.00
County Tax	1,573,760.57	1,659,589.74
County Share of Added Tax	2,270.25	1,052.70
Canceled Receivables		
Interfund Created	3,437.50	48,267.49
Total Expenditures	<u>6,731,775.75</u>	<u>5,376,470.44</u>
Excess/(Deficit) in Revenue	<u>503,772.80</u>	<u>276,448.91</u>

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

	2023	2022
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	503,772.80	276,448.91
Fund Balance January 1	646,563.37	515,114.46
	1,150,336.17	791,563.37
Decreased by:		
Utilization as Anticipated Revenue	482,000.00	145,000.00
Fund Balance December 31	\$ 668,336.17	646,563.37

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 482,000.00	-	482,000.00	-
Total Fund Balance Anticipated	482,000.00	-	482,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	16,550.00		16,578.25	28.25
Interest and Costs on Taxes	56,800.00		79,896.01	23,096.01
Interest Earned on Investments	1,360.00		574.27	(785.73)
Total Section A: Local Revenues	74,710.00	-	97,048.53	22,338.53
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	209,805.00		209,805.00	209,805.00
Garden State Preservation Trust Fund	250,511.00		308,488.00	57,977.00
Municipal Relief Aid	10,869.00		10,869.00	10,869.00
Total Section B: State Aid Without Offsetting Appropriations	471,185.00	-	529,162.00	278,551.00
Section D: Shared Service Agreements				
Collector Shared Service - Lawrence Township	15,000.00		15,000.00	-
Total Section D: Shared Service Agreements	15,000.00	-	15,000.00	-
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities	8,270.59	9,276.36	17,546.95	-
Recycling Tonnage Grant	2,699.04		2,699.04	-
ARP	75,727.70		75,727.70	-
NJDOT - FY 2023	500,000.00		500,000.00	-
County Cultural Heritage	4,230.00		4,230.00	-
NJDOT - Garrison and Cove	750,000.00		750,000.00	-
Green Acres	12,500.00		12,500.00	-
Small Cities	163,000.00		163,000.00	-
Board of Health Communication Grant		9,853.99	9,853.99	-
Stormwater Grant		75,000.00	75,000.00	-
County National Register	5,250.00		5,250.00	-
ARP Firefighter	32,800.00		32,800.00	-
County Cultural & Heritage	5,250.00		5,250.00	-
Total Section F: Special Items - Public and Private Programs	1,559,727.33	94,130.35	1,653,857.68	-
Off-Set with Appropriations				

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section G: Other Special Items					
FEIMA	67,297.00		67,297.00		-
Total Section G: Other Special Items	<u>67,297.00</u>	<u>-</u>	<u>67,297.00</u>		<u>-</u>
Total Miscellaneous Revenues:	2,187,919.33	94,130.35	2,362,365.21		300,989.53
Receipts from Delinquent Taxes	175,933.00		255,098.81		79,165.81
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	600,042.68		634,409.26		34,366.58
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>600,042.68</u>	<u>-</u>	<u>634,409.26</u>		<u>34,366.58</u>
Budget Totals	3,445,895.01	94,130.35	3,733,873.28		414,521.92
Non- Budget Revenues:					
Other Non- Budget Revenues:			90,114.40		90,114.40
	<u>3,445,895.01</u>	<u>94,130.35</u>	<u>3,823,987.68</u>		<u>504,636.32</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	3,939,843.78
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	3,939,843.78
Allocated to:	
School, County and Other Taxes	3,609,111.20
Balance for Support of Municipal Budget Appropriations	330,732.58
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	303,676.68
Amount for Support of Municipal Budget Appropriations	634,409.26

Receipts from Delinquent Taxes:	
Delinquent Tax Collection	163,549.70
Tax Title Lien Collections	91,549.11
Total Receipts from Delinquent Taxes	255,098.81

Analysis of Non-Budget Revenue:	
Miscellaneous Revenue Not Anticipated:	
Miscellaneous	24,240.22
Trailer Park	4,880.00
Abandoned Property Reg Fee	5,500.00
SC & Veteran Administration Fee	1,015.00
Zoning maps and applications	2,443.00
Landfill Fees	1,595.34
Sale of Property	22,500.00
Cable Franchise Fee	5,659.57
Clerk Miscellaneous	3,630.00
Recycling	601.25
Reimbursements	14,228.26
Court fees	3,821.76
Total Miscellaneous Revenue Not Anticipated:	90,114.40

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Committee						
Salaries and Wages	35,005.00	34,999.90	34,999.90	-	-	
Other Expenses	5,000.00	7,211.48	4,312.47	2,899.00	0.01	
Township Clerk						
Salaries and Wages	101,500.00	107,854.10	107,854.10	-	-	
Other Expenses	25,000.00	28,722.25	27,273.66	1,448.59	0.00	
Financial Administration						
Salaries and Wages	23,540.00	20,373.81	20,373.81	-	-	
Other Expenses	33,500.00	40,903.32	35,190.32	5,713.00	-	
Audit Services						
Other Expenses	26,000.00	26,000.00	26,000.00	-	-	
Assessment of Taxes						
Salaries and Wages	23,754.00	23,384.40	23,384.40	-	-	
Other Expenses						
Maintenance of Tax Map	500.00	-	-	-	-	
Miscellaneous Other Expenses	5,500.00	3,122.00	3,122.00	-	-	
Collection of Taxes						
Salaries and Wages	34,240.00	37,421.91	37,421.45	0.46		
Other Expenses						
Tax Sale Costs	1,000.00	-	-	-	-	
Miscellaneous Other Expenses	5,750.00	5,768.09	5,768.09	-	-	
Liquidation of Tax Title Liens						
Other Expenses	1.00	1.00	-	1.00		
Legal Services and Costs						
Other Expenses	30,000.00	16,073.50	16,073.50	-	-	
Engineering Services						
Other Expenses	25,805.00	83,844.90	22,047.68	61,797.22		
Municipal Court						
Other Expenses	5,000.00	7,162.00	7,161.36	0.64		
Insurance						
General Liability	23,464.00	20,966.71	20,966.71	-	-	
Workers Compensation Insurance	23,464.00	26,204.00	26,204.00	-	-	
Employee Group Health	80,600.00	54,811.88	49,227.91	5,583.97	0.00	
Health Benefit Waiver	2,500.00	-	-	-	-	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	3,745.00	3,722.16	3,722.16	-	-	
Other Expenses	4,000.00	3,176.83	2,976.83	200.00	-	
Housing Official						
Salaries and Wages	6,634.00	7,227.86	7,227.86	-	-	
Other Expenses	2,000.00	47.77	47.76	-	0.01	
Enforcement Officer						
Salaries and Wages	8,560.00	7,944.70	7,944.70	-	-	
Other Expenses	3,000.00	-	-	-	-	
PUBLIC SAFETY						
Emergency Management Services						
Salaries and Wages	4,815.00	4,816.00	4,815.62	-	0.38	
Other Expenses	4,000.00	1,053.80	1,053.80	-	0.00	
First Aid Organizations - Contribution	8,000.00	8,000.00	8,000.00	-	-	
PUBLIC WORKS						
Road Repairs and Maintenance						
Salaries and Wages	195,600.00	179,996.74	179,996.74	-	-	
Other Expenses	60,000.00	37,076.72	35,323.27	1,753.45	0.00	
Public Building and Grounds						
Other Expenses	15,000.00	22,837.12	22,372.33	464.79	(0.00)	
Garbage and Trash						
Salaries and Wages	13,000.00	15,066.13	15,066.12	-	0.01	
Other Expenses	98,500.00	124,647.93	116,483.59	8,164.34	(0.00)	
HEALTH AND WELFARE						
Environmental						
Other Expenses	2,800.00	1,120.08	1,120.00	-	0.08	
Historical						
Other Expenses	500.00	-	(1,180.00)	-	1,180.00	
Dog Regulation						
Other Expenses	17,500.00	15,214.66	15,214.66	-	-	
Recreation and Tourism						
Other Expenses	500.00	300.00	300.00	-	-	

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, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Natural Gas	9,000.00	6,403.88	5,675.21	728.67	0.00	
Electric	2,500.00	1,324.34	1,204.35	119.99	-	
Telephone	18,500.00	19,700.03	18,388.18	1,311.85	(0.00)	
Street Lighting	85,000.00	71,004.00	70,483.17	519.84	0.99	
Deficit in Utility Operations	53,300.00	53,300.00	53,300.00	-	-	
TOTAL OPERATIONS WITHIN "CAPS"	1,127,577.00	1,128,806.00	1,036,917.71	28,907.49	62,980.80	-
Contingent						
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,127,577.00	1,128,806.00	1,036,917.71	28,907.49	62,980.80	-
Detail:						
Salaries and Wages	450,393.00	442,807.71	442,806.86	-	0.85	
Other Expenses	674,684.00	685,998.29	594,110.85	28,907.49	62,979.95	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Overexpenditure of an Appropriation	-	-	-	-	-	
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	37,242.00	37,242.00	37,242.00	-	-	
Social Security System (O.A.S.I.)	35,000.00	33,911.00	33,910.70	-	0.30	
Unemployment Insurance	500.00	360.00	359.09	-	0.91	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	72,742.00	71,513.00	71,511.79	-	1.21	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,200,319.00	1,200,319.00	1,108,429.50	28,907.49	62,982.01	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
SFSP Fire District Payment	601.00	601.00	-	-	601.00	
Public Employees' Retirement System Shared Service Agreements	16,199.00	16,199.00	16,199.00	-	-	
Collector Shared Service - Lawrence Township	15,000.00	15,000.00	10,000.00	-	5,000.00	
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	31,800.00	31,800.00	26,199.00	-	5,601.00	-

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities	8,270.59	17,546.95	17,546.95	-	-	
Recycling Tonnage Grant	2,699.04	2,699.04	2,699.04	-	-	
County Cultural Heritage	4,230.00	4,230.00	4,230.00	-	-	
ARP	75,727.70	75,727.70	75,727.70	-	-	
NJDEP Green Acres	12,500.00	12,500.00	12,500.00	-	-	
Small Cities	163,000.00	163,000.00	163,000.00	-	-	
NJDOT	500,000.00	500,000.00	500,000.00	-	-	
County National Register	5,250.00	5,250.00	5,250.00	-	-	
ARP Firefighter	32,800.00	32,800.00	32,800.00	-	-	
NJ DOT Garrison and Cove	750,000.00	750,000.00	750,000.00	-	-	
Cumberland County Cultural Heritage	5,250.00	5,250.00	5,250.00	-	-	
Cumberland Board of Health Communications Grant	-	9,853.99	9,853.99	-	-	
Stormwater Assistance Grant	-	75,000.00	75,000.00	-	-	
Matching Funds for Grants	139,600.00	139,600.00	22,500.00	-	-	117,100.00
Total Public and Private Programs Off-Set by Revenues	1,699,327.33	1,793,457.68	1,676,357.68	-	-	117,100.00
Total Operations - Excluded from "CAPS" Detail:	1,731,127.33	1,825,257.68	1,702,556.68	-	5,601.00	
Salaries and Wages	-	-	-	-	-	
Other Expenses	1,731,127.33	1,825,257.68	1,702,556.68	-	5,601.00	
(C) Capital Improvements Equipment	1,000.00	1,000.00	-	-	1,000.00	
Total Capital Improvements	1,000.00	1,000.00	-	-	1,000.00	-
(D) Debt Service						
Payment of Bond Anticipation Notes	202,075.00	202,075.00	202,075.00	-	-	-
Interest on Notes	7,697.00	7,697.00	7,675.37	-	-	21.63
Total Debt Service	209,772.00	209,772.00	209,750.37	-	-	21.63

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,941,899.33	2,036,029.68	1,912,307.05	-	117,121.63
SUBTOTAL GENERAL APPROPRIATIONS	3,142,218.33	3,236,348.68	3,020,736.55	28,907.49	117,121.63
(M) Reserve for Uncollected Taxes	303,676.68	303,676.68	303,676.68	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 3,445,895.01	3,540,025.36	3,324,413.23	28,907.49	117,121.63
Budget		3,445,895.01			Cancelled
Appropriations by 40A-4-87		94,130.35			Overexpended
Emergency Appropriations		-			-
		<u>3,540,025.36</u>			<u>117,121.63</u>
Reserve for Uncollected Taxes			303,676.68		
Deferred Charge			-		
Federal and State Grants			1,676,357.68		
Deficit in Operations			-		
Capital Improvements			-		
Disbursements			1,344,378.87		
			<u>3,324,413.23</u>		

**EXHIBIT - B
TRUST FUND**

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

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Dog License Fund:		
Cash	\$ 573.88	873.12
Due from Current Fund		-
Due from State of NJ	48.40	48.40
	<u>622.28</u>	<u>921.52</u>
Small Cities:		
Due from Current Fund	-	-
Due from Grant Fund	39,873.21	39,873.21
Loans Receivable	546,901.52	546,901.52
	<u>586,774.73</u>	<u>586,774.73</u>
Other Funds:		
Cash - Treasurer	105,059.37	89,199.52
Cash - Tax Collector	116,805.47	26,497.29
Due from Current Fund	40,949.19	-
Due from Current Fund - Escrow	36,737.74	36,737.74
Other Receivables	567.98	490.00
	<u>300,119.75</u>	<u>152,924.55</u>
	<u>\$ 887,516.76</u>	<u>740,620.80</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Reserve for Dog Fund Expenditures	\$ 279.58	578.82
Due to Current Fund	342.70	342.70
	<u>622.28</u>	<u>921.52</u>
Small Cities:		
Due to Current	39,873.21	39,873.21
Reserve for Loans Receivable	546,901.52	546,901.52
	<u>586,774.73</u>	<u>586,774.73</u>
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	63,932.64	7,529.88
Premiums Received at Tax Sale	93,900.00	18,000.00
Due to Current Fund	5.75	1,160.66
Miscellaneous Reserves	142,281.36	126,234.01
	<u>300,119.75</u>	<u>152,924.55</u>
	<u>\$ 887,516.76</u>	<u>740,620.80</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>2023</u>	<u>2022</u>
Cash	\$ 52.48	102,293.74
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	2,408,785.00	2,610,860.00
Interfunds:		
Due from Current Fund	137,155.00	315,470.03
Due from Utility Capital	263,427.09	98,814.14
Due from Grant Fund	329,965.30	333,465.30
Receivable		
NJ DOT	360,490.00	360,490.00
	<u>3,499,874.87</u>	<u>3,821,393.21</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	-	-
Interfunds:		
Due to Current Fund	-	-
Due to Grant Fund	-	3,500.00
Bond Anticipation Notes Payable	1,216,525.00	1,418,600.00
Improvement Authorizations:		
Funded	165,323.17	192,161.61
Unfunded	2,044,629.45	2,133,734.35
Reserve for Landfill Closure	45,000.00	45,000.00
Reserve for Debt Service	245.00	245.00
Capital Improvement Fund	19,450.00	19,450.00
Fund Balance	8,702.25	8,702.25
	<u>\$ 3,499,874.87</u>	<u>3,821,393.21</u>

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

2022	1,192,260.00
2023	1,192,260.00

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

	2023	2022
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,**

	2023	2022
ASSETS		
Operating Fund:		
Cash	\$ -	-
Due from Utility Capital	37,625.00	-
Due from Current Fund		1,950.00
	37,625.00	1,950.00
Deferred Charges:		
Overexpenditure of Appropriation	-	15,675.00
	-	15,675.00
Total Operating Fund	37,625.00	17,625.00
Capital Fund:		
Cash - Treasurer	-	-
Fixed Capital - Complete	-	-
Fixed Capital - Authorized and Uncomplete	16,174,159.00	16,174,159.00
Due from General Capital Fund	-	-
Total Capital Fund	16,174,159.00	16,174,159.00
	\$ 16,211,784.00	16,191,784.00

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

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	2023	2022
Operating Fund:		
Appropriation Reserves	\$ -	-
Reserve for Encumbrances	-	-
Accrued Interest on Bonds and Notes	20,062.50	17,625.00
Due to Current Fund	17,562.50	-
	37,625.00	17,625.00
Reserve for Receivables	-	-
Fund Balance	-	-
Total Operating Fund	37,625.00	17,625.00
Capital Fund:		
Due to General Capital	263,427.09	98,814.14
Due to Current Fund	12,781.50	
Due to Utility Operating	37,625.00	
Bond Anticipation Notes	1,500,000.00	1,500,000.00
Improvement Authorizations:		
Funded	-	
Unfunded	14,360,325.41	14,575,344.86
Reserve for Amortization	-	-
Reserve for Deferred Amortization	-	
Capital Improvement Fund	-	
Fund Balance	-	-
Total Capital Fund	16,174,159.00	16,174,159.00
	\$ 16,211,784.00	16,191,784.00

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

2022	14,674,159.00
2023	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 2023	Year 2022
	<u> </u>	<u> </u>
Revenue and Other Income Realized		
Fund Balance	\$ -	-
Water & Sewer Rents	-	-
Miscellaneous Revenue Anticipated	-	-
Other Credits to Income:		
Deficit - Current Fund	15,675.00	7,500.00
Total Income	<u>15,675.00</u>	<u>7,500.00</u>
Expenditures		
Operations	15,675.00	25,950.00
Deferred Charges and Statutory Expenditures	-	-
Total Expenditures	<u>15,675.00</u>	<u>25,950.00</u>
Excess in Revenue	<u>-</u>	<u>(18,450.00)</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		18,450.00
Total Adjustments	<u>-</u>	<u>18,450.00</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 2023	Year 2022
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, 2023**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated			
Deficit (General Budget)	\$ 53,300.00	15,675.00	(37,625.00)
	\$ 53,300.00	15,675.00	(37,625.00)

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, 2023**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Operations:					
Interest on Bonds and Notes	\$ 37,625.00	37,625.00	-	-	37,625.00
Deferred Charges and Statutory Expenditures Expenditure without an Appropriation	15,675.00	-	15,675.00	-	-
	<u>53,300.00</u>	<u>53,300.00</u>	<u>15,675.00</u>	<u>-</u>	<u>37,625.00</u>
	<u>\$ 53,300.00</u>	<u>53,300.00</u>	<u>15,675.00</u>	<u>-</u>	<u>37,625.00</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, 2023</u>	<u>Balance Dec. 31, 2022</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 601,374.00	601,374.00
Equipment	907,152.81	872,343.43
	<u>1,508,526.81</u>	<u>1,473,717.43</u>
Total General Fixed Assets		
	<u>1,508,526.81</u>	<u>1,473,717.43</u>
Investment in General Fixed Assets	\$ <u>1,508,526.81</u>	<u>1,473,717.43</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, 2023 AND 2022**

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, 2023 AND 2022

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, 2023 AND 2022**

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, 2023 AND 2022**

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 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.

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 2023 and 2022 statutory budgets included a reserve for uncollected taxes in the amount of \$303,676.68 and \$263,553.55. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$482,000 and \$145,000.

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 2023 and 2022 calendar years:

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
<u>Current Fund:</u>		
Financial Administration		
Other Expenses	(7,403.32)	(13,116.00)
Legal Services and Costs		
Other Expenses	(13,926.50)	
Engineering Services		
Other Expenses	58,039.90	33,000.00
Employee Group Health	(25,788.12)	
Road Repair and Maintenance		
Salaries and Wages	(15,603.26)	(30,000.00)
Public Buildings and Grounds		
Other Expenses	7,837.12	
Garbage and Trash		
Other Expenses	26,147.93	
Street Lighting	(13,996.00)	12,000.00

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**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 2023 and 2022, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
Clean Communities	9,276.36	
Stormwater Grant	75,000.00	
CC BOH Communication Grant	9,853.99	

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 2023 or 2022.

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, 2023 AND 2022**

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, 2023 and 2022, \$0 of the municipality’s bank balance of \$1,065,916.93 and \$1,093,539.37 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 12/31/2021	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>

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
Land, Buildings and Improvements	\$ 601,374.00			601,374.00
Equipment	872,343.43	34,809.38		907,152.81
	<u>\$ 1,473,717.43</u>	<u>34,809.38</u>	<u>-</u>	<u>1,508,526.81</u>

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/22	Issued	Retired	Balance 12/31/23
Bond Anticipation Notes payable:				
General	\$ 1,418,600.00		202,075.00	1,216,525.00
Water/Sewer Utility	1,500,000.00	-		1,500,000.00
	<u>\$ 2,918,600.00</u>	<u>-</u>	<u>202,075.00</u>	<u>2,716,525.00</u>

The Township has \$983,050.42 in outstanding bond anticipation notes as of December 31, 2023 payable to the Current Fund, at a rate of 0% interest. The note payable will mature on December 27, 2024.

The Township has \$233,474.58 in outstanding bond anticipation notes as of December 31, 2023 payable to the Current Fund, at a rate of 0% interest. The note payable will mature on March 6, 2024.

The Township has \$1,500,000 in outstanding bond anticipation notes in the Utility Capital Fund as of December 31, 2023 payable to Amboy Bank, at a rate of 4.50% interest. The note payable will mature on June 14, 2024.

<u>Summary of Municipal Debt</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
General Bond Anticipation Notes	\$ 1,216,525.00	1,418,600.00	1,669,100.00
Utility Bond Anticipation Notes	1,500,000.00	1,500,000.00	1,500,000.00
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,192,260.00	1,192,260.00	192,260.00
Utility - Bonds and Notes	14,674,159.00	14,674,159.00	4,103,000.00
Total Current Fund Issued and Authorized But Not Issued	<u>\$ 18,582,944.00</u>	<u>\$ 18,785,019.00</u>	<u>\$ 7,464,360.00</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 1.635%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,977,066.00	3,977,066.00	-
Utility Debt	16,174,159.00	16,020,219.00	153,940.00
General Debt	2,408,785.00	-	2,408,785.00
	<u>\$ 22,560,010.00</u>	<u>19,997,285.00</u>	<u>2,562,725.00</u>

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Net Debt \$2,562,725.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, 156,766,065.33 = 1.635%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	5,486,812.29
Net Debt		2,562,725.00
Remaining Borrowing Power	\$	<u>2,924,087.29</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, 2023 and 2022, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
\$	295,000.00	482,000.00

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>12/31/2023</u>	<u>12/31/2022</u>
Balance of Tax	\$ 749,222.89	760,175.89
Deferred	550,000.00	550,000.00
Tax Payable	<u>\$ 199,222.89</u>	<u>210,175.89</u>

Note 9: TAXES COLLECTED IN ADVANCE

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

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Balance 12/31/23	Balance 12/31/22
Prepaid Taxes	\$ 124,013.75	95,751.53
Cash Liability for Taxes Collected in Advance	\$ 124,013.75	95,751.53

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, 2023, 2022, and 2021 were \$53,441, \$35,983, and \$36,400.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

- 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 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2022:

Public Employees' Retirement System

The Municipality has a liability of \$639,549 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. 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, 2022, the Municipality's proportion would be .00423782430%, which would be an increase of 37.93% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Municipality would have recognized pension expense of \$29,545. At December 31, 2022, 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	\$ 4,616	\$ (4,071)
Changes of assumptions	1,982	(95,765)
Changes in proportion	258,759	(48,525)
Net difference between projected and actual earnings on pension plan investments	26,470	
Total	<u>\$ 291,827</u>	<u>\$ (148,361)</u>

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

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Year ended June 30,		
2023	\$	131,136
2024		48,297
2025		3,393
2026		(39,668)
2027		308
Total	<u>\$</u>	<u>143,466</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases:		2.75% – 6.55% (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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 766,950	639,549	531,246

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022 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
2023	\$ 19,422.09				66.38	19,355.71
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

Note 14: CONTINGENT LIABILITIES

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

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 15: INTERFUND BALANCES

During the most recent calendar year ended December 31, 2023, the following interfunds were included on the balance sheets of the various funds of the Township of Downe:

	Due From	Due To
	<u> </u>	<u> </u>
Current Fund:		
General Capital Fund		137,155.00
Animal Control Fund	342.70	
Trust Other	5.75	40,949.19
Trust Small Cities	39,873.21	
Trust - Escrow		36,737.74
Grant Fund		340,001.71
Utility Capital	12,781.50	
Utility Operating	17,562.50	
Grant Fund:		
Capital Fund		329,965.30
Current Fund	340,001.71	
Trust Other		39,873.21
Trust Fund:		
Current - Animal Control Fund		342.70
Current - Small Cities		39,873.21
Current - Escrow	36,737.74	
Current - Other	40,949.19	5.75
Grant Fund - Small Cities	39,873.21	
General Capital Fund:		
Grant Fund	329,965.30	
Current Fund	137,155.00	
Utility Capital Fund	263,427.09	
Utility Capital Fund:		
General Capital Fund		263,427.09
Current Fund		12,781.50
Utility Operating		37,625.00
Utility Operating Fund		
Current Fund		17,562.50
Utility Capital Fund	37,625.00	
	\$ <u>1,296,299.90</u>	<u>1,296,299.90</u>

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

Note 16: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through July 29, 2024, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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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, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 29, 2024, 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

July 29, 2024

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund		Grant Fund
Balance December 31, 2022	\$	716,269.26		88,789.32
Increased by Receipts:				
Taxes Receivable		3,978,141.95		
Tax Title Liens		91,549.11		
Prepaid Taxes		124,013.75		
Revenue Accounts Receivable		630,341.53		
Miscellaneous Revenue		90,114.40		
Senior Citizen and Veterans		29,458.90		
Reserve for FEMA		15,501.19		
Reserve for Municipal Relief Aid		21,733.39		
Due from Trust Other		1,154.91		
Due to Tax Title Lien		40,949.19		
Reserve for Land Sales		55,000.00		
Small Cities			12,746.98	
Due from Federal & State Grant Fund		54,717.37		
		5,132,675.69		12,746.98
		5,848,944.95		101,536.30
Decreased by Disbursements:				
Current Year Appropriation		1,344,378.87		
Prior Year Appropriations		38,055.77		
Accounts Payable		366.44		
County Taxes		1,574,813.29		
Local District School Taxes		1,720,497.00		
Special District Taxes		230,997.00		
Tax Overpayments Refunded		1,630.58		
Due from Capital		153,308.53		
Due from Utility Capital		12,781.50		
Due from Sewer Utility Operating		17,652.50		
Due from Federal & State Grant Fund		144,952.58		
		5,239,434.06		-
Balance December 31, 2023	\$	609,510.89		101,536.30

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

Year	Balance Dec. 31, 2022	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2023
				2022	2023				
Arrears	\$ 3,989.36							2,657.91	1,331.45
2019	1,143.04					1,143.04			-
2020	9,676.33			5,627.91		2,364.12			1,684.30
2021	8,297.49			5,787.61	110.38	2,399.50			0.00
2022	173,520.69			152,134.18	(700.57)	21,110.22			976.86
	196,626.91	-	-	163,549.70	(590.19)	27,016.88		2,657.91	3,992.61
2023		4,218,323.26		3,844,092.25	18,730.04	106,966.79			152,782.65
\$	196,626.91	4,218,323.26	-	4,007,641.95	18,139.85	133,983.67		2,657.91	156,775.26

Cash Receipts
Overpayments
Senior Citizens and Veterans
4,007,641.95

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 3,894,786.88
Special District Taxes 323,536.38
Added Taxes (54:4-63.1 et. Seq.) -
4,218,323.26

Tax Levy:
Special District Tax 323,536.38
General County Taxes 1,476,485.49
County Library Taxes -
County Open Space Taxes 15,241.78
County Health Taxes 82,033.30
County Added and Omitted Taxes 2,270.25
Total County Taxes 1,576,030.82

Local School District Tax 1,709,544.00
Additional Local School District Tax -

Local Tax for Municipal Purposes 600,042.68
Add: Additional Tax Levied 9,169.38
609,212.06
4,218,323.26

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

Balance December 31, 2022		\$ 528,873.17
Increased by:		
Transfers from Taxes Receivable	133,983.67	
Interest and Costs Accrued at Tax Sale	<u>4,445.88</u>	
		<u>138,429.55</u>
		667,302.72
Decreased by:		
Collections	91,549.11	
Other	<u>23,273.49</u>	
		<u>114,822.60</u>
Balance December 31, 2023		\$ <u><u>552,480.12</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2022	Accrued in 2023	Treasurer	Balance Dec. 31, 2023
Miscellaneous Revenue Anticipated				
Licenses - Other	-	16,578.25	16,578.25	-
Interest and Costs on Taxes	-	79,896.01	79,896.01	-
Interest on Investments	-	574.27	574.27	-
Energy Receipts Tax	-	209,805.00	209,805.00	-
Garden State Trust	-	308,488.00	308,488.00	-
Municipal Relief Aid	-	10,869.00	10,869.00	-
Collector Shared Service - Lawrence	-	15,000.00	15,000.00	-
FEMA	-	67,297.00	67,297.00	-
Miscellaneous Revenue Not Anticipated				
		90,114.40	90,114.40	-
	\$ -	<u>798,621.93</u>	<u>798,621.93</u>	<u>-</u>
		Cash	720,455.93	
		Prior Reserves	<u>78,166.00</u>	
			<u><u>798,621.93</u></u>	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee					
Other Expenses	\$ 751.20	751.20	80.00	671.20	-
Township Clerk					
Other Expenses	4,704.67	4,704.67	1,337.27	3,367.40	-
Financial Administration					
Other Expenses	3,557.31	3,557.31	1,696.40	1,860.91	-
Tax Assessor					
Other Expenses	69.45	69.45	59.55	9.90	-
Legal Services and Costs					
Other Expenses	2,857.98	2,857.98	2,263.00	594.98	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	787.73	787.73	229.97	557.76	-
PUBLIC SAFETY					
Emergency Management Services					
Other Expenses	319.02	319.02	79.02	240.00	-
PUBLIC WORKS					
Road Repair and Maintenance					
Other Expenses	25,090.95	25,090.95	13,284.92	11,806.03	-
Public Buildings and Grounds					
Other Expenses	1,063.20	1,063.20	519.29	543.91	-
Garbage and Trash					
Other Expenses	31,859.98	30,693.79	7,325.04	23,368.75	-
Dog Regulation					
Other Expenses	1,347.37	2,066.80	2,066.80	(0.00)	-
UTILITY EXPENSES AND BULK PURCHASES					
Natural Gas	1,069.57	1,516.33	1,516.33	-	-
Electricity	1,174.54	1,174.54	100.73	1,073.81	-
Telephone	5,189.93	5,189.93	1,141.90	4,048.03	-
Street Lighting	7,953.85	7,953.85	6,355.55	1,598.30	-
Accounts with no change	55,230.46	55,230.46		55,230.46	-
	<u>\$ 143,027.21</u>	<u>143,027.21</u>	<u>38,055.77</u>	<u>104,971.44</u>	<u>-</u>
Reserves	91,211.27				
Encumbrances	<u>51,815.94</u>				
	<u>143,027.21</u>				

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

Balance December 31, 2022			
School Tax Payable	\$	210,175.89	
School Tax Deferred		550,000.00	
		<u> </u>	\$ 760,175.89
Increased by:			
Levy - School Year July 1, 2022 to June 30, 2023			<u>1,709,544.00</u>
			2,469,719.89
Decreased by:			
Payments			<u>1,720,497.00</u>
Balance December 31, 2023			
School Tax Payable		199,222.89	
School Tax Deferred		550,000.00	
		<u> </u>	<u>749,222.89</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,720,497.00
Tax Payable Ending			<u>199,222.89</u>
			1,919,719.89
Less: Tax Payable Beginning			<u>210,175.89</u>
Amount charged to Current Year Operations			<u>\$ 1,709,544.00</u>

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

Purpose	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Adjustments	Balance Dec. 31, 2023
FEDERAL GRANTS:					
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		12,746.98		11,014.64
Small Cities - 2018	8,721.88				8,721.88
Small Cities - 2023	-	163,000.00			163,000.00
USDA - Special Police Vehicle	25,700.00				25,700.00
USDA - Water / Wastewater	30,000.00				30,000.00
USDA - Predevelopment	1,933.75				1,933.75
USDA - Chipper	-				-
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 ARP Firefighter	-	75,727.70	75,727.70		-
		32,800.00			32,800.00
National Fish and Wildlife	44,920.00				44,920.00
Total Federal	516,295.24	271,527.70	88,474.68	-	699,348.26

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

Purpose	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Adjustments	Balance Dec. 31, 2023
STATE GRANTS:					
NJ Transportation TrustFund Activity Act of 1984					
2012 - Fortescue	80,773.43				80,773.43
2011 - Laura, Russell and Union	18,743.17				18,743.17
2013 - Garrison Avenue	49,522.19				49,522.19
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
Garrison and Cove		750,000.00			750,000.00
Clean Communities	0.32	17,546.95	17,546.94		0.33
Recycling Tonnage Grant	-	2,699.04	2,699.04		-
Historical Commission - NJ Historic Trust Grant	29,000.00				29,000.00
Green Acres		12,500.00			12,500.00
Stormwater Grant		75,000.00	25,000.00		50,000.00
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 - 2023	-	500,000.00			500,000.00
NJDOT - FY2021 Municipal Aid Program	246,000.00				246,000.00
NJDOT - FY2020 Municipal Aid Program	85,400.00				85,400.00
Total State	2,083,130.36	1,357,745.99	45,245.98	-	3,395,630.37
LOCAL GRANTS:					
Cumberland County LHCC Initiative	3,000.00				3,000.00
County Cultural Heritage		4,230.00			4,230.00
County National Register		5,250.00			5,250.00
Cumberland County Cultural Heritage		5,250.00	4,995.00		255.00
County Board of Health Communication Grant		9,853.99			9,853.99
Total Local	3,000.00	24,583.99	4,995.00	-	22,588.99
\$	2,602,425.60	1,653,857.68	138,715.66	-	4,117,567.62
		Cash	42,217.37		
		Unappropriated Reserves	96,498.29		
			138,715.66		

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

	Balance December 31, 2022		2023		Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2023
	Appropriated	Reserve for Encumbrances	Appropriations	Encumbrances				
FEDERAL GRANTS:								
Small Cities - 2018	6,234.31				4,550.00			1,684.31
Small Cities - Local Match - 2018	865.00	1,935.00						2,800.00
Small Cities - Local Match	813.18							813.18
Small Cities - 2013	320.05							320.05
Small Cities - Bayview Bulkhead	5,791.12						(12,075.00)	5,791.12
Small Cities - 2020	30,654.98		163,000.00		90,551.00			42,729.98
Small Cities - 2023			22,500.00		9,860.00			68,244.00
Small Cities - 2023 Local Match								9,615.00
USDA - Door	5,500.00							5,500.00
USDA - Water / Wastewater	1,648.75							1,648.75
USDA - Feasibility	3,555.00							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	6,611.00							6,611.00
FEMA - Flood Mitigation Grant Match	6,250.00							6,250.00
DEP - Shore Protection	287.77							287.77
American Rescue Plan	53,727.70		75,727.70					129,455.40
ARP - Firefighter			32,800.00					32,800.00
Total Federal	224,487.60	1,935.00	294,027.70		104,961.00	7,230.00	(12,075.00)	420,334.30

	Balance December 31, 2022		2023		Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2023
	Appropriated	Reserve for Encumbrances	Appropriations	Encumbrances				
STATE GRANTS:								
NJ Transportation Trust Fund Authority Act of 1984								
2012 Fortescue	8.61							8.61
2011 - Laura, Russell and Union	10,913.17							10,913.17
2013 - Garrison Avenue	36,793.44							36,793.44
Newport Streetscape	987,694.64							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
Garrison and Cove			750,000.00					750,000.00
Clean Communities	29,686.92		17,546.95		6,362.52			32,767.89
Recycling Tonnage	15,417.96	354.20	2,689.04					26,761.84
Sustainable Jersey	2,500.00							2,500.00
Green Acres			12,500.00					12,500.00
Stormwater Grant			75,000.00					75,000.00
Historical Commission - NJ Historic Trust Grant	16,625.95							16,625.95
Historical Commission - NJ Historic Trust Grant Match	14,500.00				11,858.38			4,767.57
Generator Match	8,000.00							8,000.00

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

	Balance December 31, 2022		2023		Disbursed	Encumbrances	Adjustments/ Canceled	Balance Dec. 31, 2023
	Appropriated	Reserve for Encumbrances	Appropriations	Encumbrances				
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				20,000.00			65,400.00
NJDOT 2022	220,000.00		500,000.00					200,000.00
NJDOT 2023								500,000.00
Total State	2,415,485.94	354.20	1,357,745.99	750.00	38,220.90	12,312.82		3,722,302.41
LOCAL GRANTS:								
Cumberland County LHCC Initiative								
County Cultural Heritage	3,000.00		4,230.00	670.00	1,776.69			553.31
County National Register			5,250.00					4,230.00
Cumberland County Cultural Heritage			5,250.00					5,250.00
County Board of Health Communication Grant			9,853.99		9,853.99			5,250.00
Total Local	3,000.00	-	24,583.99	670.00	11,630.68	-	-	15,283.31
	2,642,973.54	2,289.20	1,676,357.68	8,650.00	154,812.58	237.82		4,157,920.02

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

Purpose	Balance Dec. 31, 2022	Transferred To 2023 Appropriations	Received	Adjustments	Balance Dec. 31, 2023
FEDERAL GRANTS:					
American Rescue Plan	\$ 75,727.70	75,727.70			-
Total Federal	<u>75,727.70</u>	<u>75,727.70</u>	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:					
CCHC 2022	3,172.50				3,172.50
Recycling Tonnage Grant Green Acres	8,270.59	8,270.59	12,500.00		-
Total State	<u>11,443.09</u>	<u>20,770.59</u>	<u>12,500.00</u>	<u>-</u>	<u>3,172.50</u>
	<u>\$ 87,170.79</u>	<u>96,498.29</u>	<u>12,500.00</u>	<u>-</u>	<u>3,172.50</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Dog Licenses	Other	
Balance December 31, 2022	\$ 873.12		89,199.52
Increased by Receipts:			
Dog License Fees 2023	399.80		
Due to State of New Jersey	100.20		
Due from Current Fund		-	
Miscellaneous Trust Reserves		106,491.94	
	500.00	106,491.94	
	1,373.12		195,691.46
Decreased by Disbursements			
Statutory Expenditures	699.04		
Due to State of New Jersey	100.20		
Due to Current Fund	-	187.50	
Miscellaneous Trust Reserves		90,444.59	
	799.24	90,632.09	
Balance December 31, 2023	\$ 573.88	105,059.37	

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

		Tax Title Lien Redemption
Balance December 31, 2022	\$	26,497.29
Increased by Receipts:		
Interest		132.17
Deposits for Redemption of Tax Sale Certificates		213,353.17
Premium		75,900.00
		289,385.34
		315,882.63
Decreased by Disbursements		
Due from Current Fund		41,916.60
Refunds of Tax Sale Certificates		157,028.39
Interest		132.17
		199,077.16
Balance December 31, 2023	\$	116,805.47

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

Balance December 31, 2022		\$	578.82
Increased by:			
Dog License Fees Collected			399.80
			978.62
Decreased by:			
Statutory Excess			
Expenditures under N.J.S. 4:19-15:11			699.04
			699.04
Balance December 31, 2023		\$	279.58

License Fees Collected:

Year	Amount
2022	\$ 554.70
2021	249.02
	\$ 803.72

**TRUST - OTHER FUNDS
 SCHEDULE OF DUE TO/(FROM) CURRENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Reserve</u>	Balance Dec 31, 2022	Receipts	Disbursements	Balance Dec 31, 2023
Tax Title Lien Redemption	\$ 967.41		41,916.60	(40,949.19)
Unemployment	0.24			0.24
Developer's Escrow	(36,550.24)		187.50	(36,737.74)
Sandy Donation	2.60			2.60
Recreation	2.91			2.91
	-			-
	<u>\$ (35,577.08)</u>	<u>-</u>	<u>42,104.10</u>	<u>(77,681.18)</u>
		Tax Collector	-	41,916.60
		Treasurer	-	187.50
		<u>-</u>	<u>42,104.10</u>	

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Reserve</u>	Balance Dec 31, 2022	Increased by		Decreased by	Balance Dec 31, 2023
		Receipts	Adjustment	Disbursements	
Hurricane Sandy Relief	\$ 456.53	1.48			458.01
Developer's Escrow	55,877.29	1,599.53			57,476.82
Recreation	50,478.10	33,696.73		83,398.15	776.68
Unemployment Trust	19,422.09			66.38	19,355.71
Green Team		71,194.20		6,980.06	64,214.14
	<u>\$ 126,234.01</u>	<u>106,491.94</u>	<u>-</u>	<u>90,444.59</u>	<u>142,281.36</u>

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

Balance December 31, 2022		\$ 102,293.74
Increased by:		
Receipts	178,315.03	
		178,315.03
		280,608.77
Decreased by:		
Disbursements	280,556.29	
		280,556.29
Balance December 31, 2023		\$ <u>52.48</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2022		Receipts		Disbursements		Transfers		Balance Dec. 31, 2023
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$	8,702.25							8,702.25
Capital Improvement Fund		19,450.00							19,450.00
Due to Current Fund		(315,470.03)	178,315.03						(137,155.00)
Due to Grant Fund		(329,965.30)							(329,965.30)
Due to Utility Capital Fund		(98,814.14)				164,612.95			(263,427.09)
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
Improvement Authorizations:									
04-03 Aluminum Observation Tower		385.00							385.00
01-12 Various Improvements		140,960.65			42,242.12				98,718.53
02-13 Improvements to Buildings		595.00							595.00
08-14 Gandy's Beach Bulkhead		109,964.63			72,155.32				37,809.31
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							7,259.72
12-21 Land Acquisition		-							-
4-22 Various Equipment		50,220.96			1,545.90				48,675.06
Total	\$	<u>102,293.74</u>	<u>178,315.03</u>	<u>-</u>	<u>115,943.34</u>	<u>164,612.95</u>	<u>-</u>	<u>-</u>	<u>52.48</u>

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

Balance December 31, 2022		\$	19,450.00
Increased by:			
Budget Appropriation			-
			19,450.00
Decreased by:			
Current Year Ordinances Grant Match			-
Balance December 31, 2023		\$	19,450.00

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

Balance December 31, 2022		\$
Increased by:		
No current year activity		-
		-
Decreased by:		
		-
Balance December 31, 2023		\$ -

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

Ord #	Improvement Description	2023			Debt Issued	Balance Dec. 31, 2023	Analysis of Balance		
		Balance Dec. 31, 2022	Authorizations	Raised in 2023 Budget			Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
08-14	Gandy's Beach Bulkhead	\$ 197,610.00		181,100.00		16,510.00	-	16,510.00	
01-15	Various Equipment	175,750.00				175,750.00		175,750.00	
04-17	Sewer Improvements	1,000,000.00		16,949.58		983,050.42	983,050.42	-	
15-19	Property Acquisition	237,500.00		4,025.42		233,474.58	233,474.58		
05-22	Various Improvements	1,000,000.00				1,000,000.00			1,000,000.00
		<u>\$ 2,610,860.00</u>	<u>-</u>	<u>202,075.00</u>	<u>-</u>	<u>2,408,785.00</u>	<u>1,216,525.00</u>	<u>192,260.00</u>	<u>1,000,000.00</u>

Improvement Authorizations Unfunded

Less:

Unexpended Proceeds of Bond
Anticipation Notes Issued:

Ord. Number

08-14	\$	54,319.31
04-17	#	983,050.42
15--19		7,259.72
		<u>1,044,629.45</u>
		<u>1,000,000.00</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
			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, 2022	Increased	Decreased	Balance Dec. 31, 2023
Various Improvements	01-12	12/17/2014	12/8/2021	12/7/2022	\$ -	-	-	-	-
Gandy's Beach	08-14	12/16/2015	12/7/2022	12/5/2023	4.250%	181,100.00	-	181,100.00	-
Sewer Improvements	04-17	12/30/2020	12/29/2022	12/28/2023	0.000%	1,000,000.00	-	16,949.58	983,050.42
Property Acquisition	15-19	3/10/2020	3/8/2022	3/7/2023	0.000%	237,500.00	-	4,025.42	233,474.58
					\$	<u>1,418,600.00</u>	<u>-</u>	<u>202,075.00</u>	<u>1,216,525.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Debt Issued	Other	Balance Dec. 31, 2023
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>\$ 1,192,260.00</u>	<u>-</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, 2022	\$ -	-
Increased by Receipts:		
No current year activity	-	
	-	-
Decreased by Disbursements:		
	-	
	-	-
Balance December 31, 2023	\$ -	-

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

	Balance Dec. 31, 2022	Receipts		Disbursements		Transfers	Balance Dec. 31, 2023
		Miscellaneous		Improvement Authorizations	Miscellaneous		
Due to Current Fund	\$ -		12,781.50				12,781.50
Encumbrances Payable	-						-
Due from Sewer Operating	-		37,625.00				37,625.00
Due from General Capital fund	(98,814.14)		164,612.95				65,798.81
<u>Improvement Authorizations:</u>							
561 Water System Improvements	-			215,019.45			-
561 Water System Improvements	98,814.14						(116,205.31)
	\$ -		<u>215,019.45</u>	<u>215,019.45</u>			<u>-</u>

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

Balance December 31, 2022		\$	-
Increased by:			
No current year activity			
			-
			-
Decreased by:			
			-
Balance December 31, 2023		\$	-

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

Balance December 31, 2022		\$	-
Increased by:			
No current year activity	-		
			-
			-
Decreased by:			
	-		
			-
Balance December 31, 2023		\$	-

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Balance December 31, 2022		17,625.00
Increased by:		
Accrued interest charged to 2023 budget appropriation - interest on bonds and notes	37,625.00	37,625.00
		55,250.00
Decreased By:		
Disbursements		35,187.50
Balance December 31, 2023		20,062.50

Analysis of Accrued Interest December 31, 2023

Principal Outstanding December 31, 2023	Interest Rate	From	To	Days	Amount
1,500,000.00	4.50%	9/15/2023	12/31/2023	107	\$ 20,062.50

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2022		Authorizations			Balance December 31, 2023		
				Funded	Unfunded	Other Funding	Deferred Charges to Future Revenue	Paid or Charged	Other	Funded	Unfunded
2020-7	Wastewater Treatment Facility	5/11/2020	16,174,159	-	14,575,344.86	-	-	215,019.45	-	-	14,360,325.41
			\$	-	14,575,344.86	\$	-	215,019.45	-	-	14,360,325.41

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2023				Balance Dec. 31, 2022	Increased	Decreased	Refunded	Balance Dec. 31, 2023
			Date	Amount	Interest Rate	Balance Dec. 31, 2022					
No current year activity						\$ -				\$ -	
						\$ -				\$ -	

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

Purpose	Maturities of Bonds Outstanding December 31, 2023		Balance	Decreased	Balance
	Date	Amount	Dec. 31, 2022		Dec. 31, 2023
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, 2022	Increased	Decreased	Balance Dec. 31, 2023
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, 2022	2023 Authorizations	Debt Issued	Other	Balance Dec. 31, 2023
2020-7	Wastewater Treatment Facility	\$ 14,674,159.00				14,674,159.00
		<u>\$ 14,674,159.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,674,159.00</u>

TOWNSHIP OF DOWNE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

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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 the following bids were sought by public advertising for the current year:

Street paving

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 2, 2023, 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 2023.

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 20, 2023 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>
2023	111
2022	84
2021	100

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2024 and 2023 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
2023	\$ 4,218,323	3,939,051	93.38%
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%

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	\$ 2.437	2.374	2.253	2.222	2.186
Apportionment of Tax Rate:					
Municipal	0.377	0.332	0.323	0.304	0.287
County	0.988	1.032	0.989	0.997	1.007
School	1.072	1.010	0.941	0.921	0.892
Assessed Valuation	\$ 159,512,900	161,084,400	161,779,900	165,294,300	167,308,400

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
2023	\$ 552,480	156,775	709,255	16.81%
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%

FINDINGS AND RECOMMENDATIONS

Finding 23-1

Criteria

All bank accounts should be reconciled to the general ledger on a monthly basis.

Condition

The Township's bank accounts were not all reconciled for the year under audit.

Cause

A change in personnel resulted in some reconciliations not being completed for all months.

Effect

The Township did not have accurate and complete financial information for the year.

Recommendation

The Township CFO should prepare accurate reconciliations of all bank accounts to the general ledger on a monthly basis.

Management Response

All reconciliations will be completed in a timely manner.

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

July 29, 2024