

TOWNSHIP OF DOWNE

CUMBERLAND COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

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TOWNSHIP OF DOWNE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Downe, as of December 31, 2018 and 2017, 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, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Downe on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Downe as of December 31, 2018 and 2017, 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, 2018 and 2017, 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, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Downe's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2019 on our consideration of the Township of Downe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Downe's internal control over financial reporting and compliance.

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

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

July 22, 2019

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EXHIBIT - A
CURRENT FUND

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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 1,441,647.93	1,178,630.55
Total Cash	<u>1,441,647.93</u>	<u>1,178,630.55</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	<u>10,110.14</u>	<u>4,567.86</u>
Total Other Receivables	<u>10,110.14</u>	<u>4,567.86</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	228,446.83	106,901.44
Tax Title and Other Liens	411,124.81	342,386.94
Property Acquired for Taxes - at Assessed Valuation	333,300.00	333,300.00
Due from Fairfield Township	58.02	58.02
Revenue Accounts Receivable	-	-
Interfund Receivable:		
General Capital Fund	421,335.86	396,121.86
Trust Fund - Other	-	6.25
Federal and State Grants	-	42,319.44
Total Receivables and Other Assets	<u>1,394,265.52</u>	<u>1,221,093.95</u>
Deferred Charges:		
Expenditures without appropriation	8,498.12	-
Total Deferred Charges	<u>8,498.12</u>	<u>-</u>
Total Regular Fund	<u>2,854,521.71</u>	<u>2,404,292.36</u>
Federal and State Grant Fund:		
Cash	76,372.16	76,228.09
Federal and State Grants Receivable	822,771.60	1,320,575.97
Due from Current Fund	469,013.75	-
Due from Capital Fund	<u>3,500.00</u>	<u>3,500.00</u>
Total Federal and State Grant Fund	<u>1,371,657.51</u>	<u>1,400,304.06</u>
Total Current Fund	<u>\$ 4,226,179.22</u>	<u>3,804,596.42</u>

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

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 54,338.30	126,047.85
Reserve for Encumbrances	40,062.88	21,652.15
Prepaid Taxes	85,725.08	133,276.50
Overpaid Taxes	3,852.73	3,852.73
Accrued Payroll Taxes	1,873.04	1,873.04
Escrow Deposits	241.79	240.94
Local School Tax Payable	182,015.01	182,015.01
County Added Tax Payable	452.74	5,161.81
Special District Tax Payable	-	-
Due to State - Marriage Licenses	350.00	175.00
Interfund Payable:		
Grant Fund	469,013.75	-
Trust Fund - Small Cities	11,637.88	11,637.88
Dog Trust	156.46	241.46
Trust Fund - Other	-	10.56
Trust Fund - Escrow	35,254.52	36,299.43
	<u>884,974.18</u>	<u>522,484.36</u>
Reserve for Receivables and Other Assets	1,394,265.52	1,221,093.95
Fund Balance	<u>575,282.01</u>	<u>660,714.05</u>
Total Regular Fund	<u>2,854,521.71</u>	<u>2,404,292.36</u>
Federal and State Grant Fund:		
Unappropriated Reserves	403,007.00	400,271.41
Appropriated Reserves	588,609.48	577,672.18
Encumbrances Payable	-	-
Due to Current Fund	-	42,319.44
Due to Capital Fund	333,465.30	333,465.30
Due to Trust Fund	1,850.00	1,850.00
Reserve for State Grant		
Small Cities Loans	<u>44,725.73</u>	<u>44,725.73</u>
Total Federal and State Grant Fund	<u>1,371,657.51</u>	<u>1,400,304.06</u>
Total Current Fund	<u>\$ 4,226,179.22</u>	<u>3,804,596.42</u>

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

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized		
Fund Balance	\$ 189,000.00	85,000.00
Miscellaneous Revenue Anticipated	640,178.36	1,000,794.07
Receipts from Delinquent Taxes	95,633.06	100,682.19
Receipts from Current Taxes	3,773,967.37	3,765,226.49
Non Budget Revenue	70,145.74	49,564.88
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	113,023.84	164,712.98
Interfund Returned	15,268.29	131,252.50
Total Income	<u>4,897,216.66</u>	<u>5,297,233.11</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	346,817.88	318,004.15
Other Expenses	573,925.12	584,246.85
Deferred Charges & Statutory Expenditures	50,126.00	48,242.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	601.00	601.00
Public and Private Programs Offset		
by Revenues	131,745.08	314,938.69
Capital Improvements	25,220.00	45,000.00
Debt Service	69,745.00	193,135.55
Deferred Charges	-	-
Local District School Tax	1,464,606.00	1,464,606.00
Special District Tax	295,191.00	293,490.00
County Tax	1,835,218.87	1,717,513.03
County Share of Added Tax	452.75	5,161.82
Interfund Created	-	-
Other:		
Miscellaneous	-	-
Total Expenditures	<u>4,793,648.70</u>	<u>4,984,939.09</u>
Excess/(Deficit) in Revenue	<u>103,567.96</u>	<u>312,294.02</u>

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

	<u>2018</u>	<u>2017</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>103,567.96</u>	<u>312,294.02</u>
Fund Balance January 1	<u>660,714.05</u>	<u>433,420.03</u>
	764,282.01	745,714.05
Decreased by:		
Utilization as Anticipated Revenue	<u>189,000.00</u>	<u>85,000.00</u>
Fund Balance December 31	<u>\$ 575,282.01</u>	<u>660,714.05</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 189,000.00		189,000.00	-
Total Fund Balance Anticipated	189,000.00	-	189,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	15,500.00		6,709.25	(8,790.75)
Interest and Costs on Taxes	30,500.00		25,856.67	(4,643.33)
Interest Earned on Investments	3,500.00		2,772.36	(727.64)
Total Section A: Local Revenues	49,500.00	-	35,338.28	(14,161.72)
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	208,365.00		208,365.00	-
Garden State Preservation Trust Fund	250,511.00		250,511.00	-
Total Section B: State Aid Without Offsetting Appropriations	458,876.00	-	458,876.00	-
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations		7,980.08		
Clean Communities			7,980.08	-
Recycling Tonnage Grant	2,764.00		2,764.00	-
Small Cities Block Grant	110,000.00		110,000.00	-
NJ DOT 2017			-	-
USDA			-	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	<u>112,764.00</u>	<u>7,980.08</u>	<u>120,744.08</u>	<u>-</u>
Section G: Other Special Items				
FEMA				-
Capital Improvement Fund	25,220.00		25,220.00	-
Total Section G: Other Special Items	<u>25,220.00</u>	<u>-</u>	<u>25,220.00</u>	<u>-</u>
Total Miscellaneous Revenues:	<u>646,360.00</u>	<u>7,980.08</u>	<u>640,178.36</u>	<u>(14,161.72)</u>
Receipts from Delinquent Taxes	<u>110,000.00</u>		<u>95,633.06</u>	<u>(14,366.94)</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	<u>486,124.00</u>		<u>419,727.75</u>	<u>(66,396.25)</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>486,124.00</u>	<u>-</u>	<u>419,727.75</u>	<u>(66,396.25)</u>
Budget Totals	<u>1,431,484.00</u>	<u>7,980.08</u>	<u>1,344,539.17</u>	<u>(94,924.91)</u>
Non- Budget Revenues:				
Other Non- Budget Revenues:			<u>70,145.74</u>	<u>70,145.74</u>
	<u>1,431,484.00</u>	<u>7,980.08</u>	<u>1,414,684.91</u>	<u>(24,779.17)</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	3,773,967.37
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Less: Reserve for Tax Appeals Pending	-
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Net Revenue from Collections	3,773,967.37
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Allocated to:

School, County and Other Taxes	3,595,468.62
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Balance for Support of Municipal Budget Appropriations	178,498.75
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	241,229.00
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Amount for Support of Municipal Budget Appropriations	419,727.75
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	84,881.40	
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Tax Title Lien Collections	10,751.66	
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Total Receipts from Delinquent Taxes	95,633.06
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Other licenses	2,023.35	
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Tax Collector	23,708.33	
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Abandoned Property Reg Fee	722.86	
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SC & Veteran Administration Fee	250.00	
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Zoning maps and applications	2,110.00	
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Zoning Permits	60.00	
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Property list	6,037.07	
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Cable Franchise Fee	83.00	
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Marriage Licenses	1,295.00	
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Trailer Park	725.55	
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Recycling	46.57	
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Copies/OPRA	30,720.43	
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Miscellaneous	2,363.58	
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Court fees		
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Total Miscellaneous Revenue Not Anticipated:	70,145.74
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	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	35,005.00	34,999.90		5.10	
Other Expenses	14,000.00	6,400.00	6,384.82		15.18	
Township Clerk						
Salaries and Wages	65,000.00	67,400.00	67,259.18		140.82	
Other Expenses	30,000.00	23,254.00	23,253.69		0.31	
Financial Administration						
Salaries and Wages	17,000.00	18,500.00	18,457.53		42.47	
Other Expenses	18,000.00	38,500.00	38,292.36		207.64	
Audit Services						
Other Expenses	25,000.00	25,000.00	25,000.00		-	
Assessment of Taxes						
Salaries and Wages	17,000.00	18,500.00	16,995.16		1,504.84	
Other Expenses						
Maintenance of Tax Map	1,000.00	1,000.00				
Miscellaneous Other Expenses	8,000.00	6,000.00	5,854.11		1,000.00	
Collection of Taxes					145.89	
Salaries and Wages	30,000.00	30,000.00	28,881.86		1,118.14	
Other Expenses						
Tax Sale Costs	1,200.00	959.00	917.72		41.28	
Miscellaneous Other Expenses	5,500.00	5,741.00	5,740.01		0.99	
Liquidation of Tax Title Liens						
Other Expenses	8,000.00	3,100.00	3,095.00		5.00	
Legal Services and Costs						
Other Expenses	60,000.00	156,399.00	154,399.00	2,000.00	-	
Engineering Services						
Other Expenses	26,000.00	13,446.00	13,446.00		-	
Municipal Court						
Other Expenses	8,000.00	9,040.00	9,035.03		4.97	
Insurance						
General Liability	17,969.00	19,881.00	19,880.91		0.09	
Workers Compensation Insurance	17,969.00	17,673.00	17,673.00		-	
Employee Group Health	56,000.00	55,707.00	18,494.12	37,212.88	-	

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, 2018

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	3,600.00	3,600.00	3,090.10		509.90	
Other Expenses	7,000.00	4,010.00	3,692.95		317.05	
Housing Official						
Salaries and Wages	8,100.00	8,100.00	7,958.08		141.92	
Other Expenses	1,800.00	200.00	136.33		63.67	
PUBLIC SAFETY						
Emergency Management Services						
Salaries and Wages	3,000.00	3,150.00	3,124.80		25.20	
Other Expenses	3,500.00	2,400.00	2,328.49		71.51	
First Aid Organizations - Contribution	8,000.00	4,000.00	4,000.00		-	
First Aid Organizations - Equipment		-				
PUBLIC WORKS						
Road Repairs and Maintenance						
Salaries and Wages	89,000.00	87,500.00	86,279.01		1,220.99	
Other Expenses	57,500.00	41,200.00	37,001.86	150.00	4,048.14	
Public Building and Grounds						
Other Expenses	20,000.00	7,000.00	5,974.66	600.00	425.34	
Storm Damage and Repair	15,000.00	15,000.00	15,000.00		-	
Garbage and Trash						
Salaries and Wages	45,000.00	35,000.00	34,506.19		493.81	
Other Expenses	90,000.00	61,578.00	60,623.88		954.12	
HEALTH AND WELFARE						
Environmental						
Other Expenses	1,200.00	-			-	
Historical						
Other Expenses	1,200.00	-			-	
Dog Regulation						
Other Expenses	19,000.00	10,500.00	9,775.00		725.00	
Recreation and Tourism						
Other Expenses	1,200.00	-			-	
Recreation						
Other Expenses		-				

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
UTILITY EXPENSES AND BULK PURCHASES					
Natural Gas	4,000.00	4,000.00	3,554.28	100.00	345.72
Electric	2,500.00	2,500.00	1,645.28		854.72
Telephone	11,500.00	11,500.00	11,116.41		383.59
Street Lighting	68,000.00	68,000.00	57,884.34		10,115.66
TOTAL OPERATIONS WITHIN "CAPS"	920,743.00	920,743.00	855,751.06	40,062.88	-
Contingent					
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	920,743.00	920,743.00	855,751.06	40,062.88	-
Detail:					
Salaries and Wages	313,905.00	306,755.00	301,551.81	-	5,203.19
Other Expenses	606,838.00	613,988.00	554,199.25	40,062.88	19,725.87
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	22,626.00	22,626.00	22,625.95		0.05
Social Security System (O.A.S.I.)	25,000.00	25,000.00	22,528.05		2,471.95
Unemployment Insurance	2,500.00	2,500.00	782.76		1,717.24
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	50,126.00	50,126.00	45,936.76	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	970,869.00	970,869.00	901,687.82	40,062.88	-
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"	601.00	601.00	601.00		-
SFSP Fire District Payment	601.00	601.00	601.00	-	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Paid or Charged	Expended		(Over expended Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities	7,980.08	7,980.08	7,980.08		-	
Recycling Tonnage Grant	2,765.00	2,765.00	2,765.00		-	
Local Match		-			-	
Small Cities Block Grant	110,000.00	110,000.00	110,000.00		-	
Small Cities Match	11,000.00	11,000.00	11,000.00		-	
NJDOT 2017	-		-		-	
USDA	-	-	-		-	
Total Public and Private Programs Off-Set by Revenues	131,745.08	131,745.08	131,745.08	-	-	-
Total Operations - Excluded from "CAPS"	132,346.08	132,346.08	132,346.08	-	-	
Detail:						
Salaries and Wages	-	-	-	-	-	
Other Expenses	132,346.08	132,346.08	132,346.08	-	-	
(C) Capital Improvements						
Capital Improvement Fund		-	-		-	
Office Equipment		-			-	
Building Improvements	2,100.00	2,100.00	-		2,100.00	
Public Works Equipment'	23,120.00	23,120.00	-		23,120.00	
Total Capital Improvements	25,220.00	25,220.00	-	-	25,220.00	-
(D) Debt Service						
Payment of Bond Principal	-	-			-	
Payment of Bond Anticipation Notes	50,000.00	50,000.00	50,000.00		-	-
Interest on Bonds	-	-			-	
Interest on Notes	19,800.00	19,800.00	19,745.00		-	55.00
Total Debt Service	69,800.00	69,800.00	69,745.00	-	-	55.00
(E) Deferred Charges						
Special Emergency Authorizations - 5 years		-				-
Total Deferred Charges	-	-	-	-	-	-

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, 2018

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	227,366.08	227,366.08	202,091.08	-	55.00
SUBTOTAL GENERAL APPROPRIATIONS	1,198,235.08	1,198,235.08	1,103,778.90	40,062.88	55.00
(M) Reserve for Uncollected Taxes	241,229.00	241,229.00	241,229.00		-
TOTAL GENERAL APPROPRIATIONS	\$ 1,439,464.08	1,439,464.08	1,345,007.90	40,062.88	55.00
Budget Appropriations by 40A:4-87 Emergency Appropriations		1,431,484.00 7,980.08 -			55.00 -
		1,439,464.08			55.00
Reserve for Uncollected Taxes Federal and State Grants Capital Improvements Disbursements		241,229.00 131,745.08 - 972,033.82		Cancelled Overexpended	55.00 -
		1,345,007.90			55.00

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

EXHIBIT - B
TRUST FUNDS

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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Dog License Fund:		
Cash	\$ 625.74	479.54
Due from Current	156.46	241.46
Due from State of NJ	48.40	48.40
	<u>830.60</u>	<u>769.40</u>
Small Cities:		
Due from Current Fund	11,637.88	11,637.88
Due from Grant Fund	1,850.00	1,850.00
Loans Receivable	495,764.68	495,764.68
	<u>509,252.56</u>	<u>509,252.56</u>
Other Funds:		
Cash - Treasurer	18,213.35	16,997.36
Cash - Tax Collector	12,800.19	24,419.30
Due from Current Fund	-	10.56
Due from Current Fund - Escrow	36,299.43	36,299.43
Other Receivables	490.00	490.00
	<u>67,802.97</u>	<u>78,216.65</u>
	<u>\$ 577,886.13</u>	<u>588,238.61</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Dog License Fund:		
Reserve for Dog Fund Expenditures	\$ 830.60	769.40
	<u>830.60</u>	<u>769.40</u>
Small Cities:		
Reserve for Small Cities	13,487.88	13,487.88
Reserve for Loans Receivable	495,764.68	495,764.68
	<u>509,252.56</u>	<u>509,252.56</u>
Other Funds:		
Deposits for Redemption of Tax Sale Certificates	10,861.53	2,429.86
Premiums Received at Tax Sale	900.00	22,000.00
Due to Current Fund	1,044.91	6.25
Miscellaneous Reserves	54,996.53	53,780.54
	<u>67,802.97</u>	<u>78,216.65</u>
	<u>\$ 577,886.13</u>	<u>588,238.61</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>2018</u>	<u>2017</u>
Cash	\$ 327,882.85	355,263.85
Deferred Charges to Future Taxation -		
Funded	-	-
Unfunded	2,132,260.00	2,182,260.00
Interfunds:		
Due from Current Fund	-	-
Due from Grant Fund	333,465.30	333,465.30
Receivable		
NJ DOT	360,490.00	360,490.00
	<u>3,154,098.15</u>	<u>3,231,479.15</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	-	-
Interfunds:		
Due to Current Fund	421,335.86	396,121.86
Due to Grant Fund	3,500.00	3,500.00
Bond Anticipation Notes Payable	940,000.00	990,000.00
Improvement Authorizations:		
Funded	179,835.56	186,210.56
Unfunded	1,403,949.48	1,424,949.48
Reserve for Landfill Closure	45,000.00	45,000.00
Reserve for Debt Service	245.00	245.00
Capital Improvement Fund	151,530.00	176,750.00
Fund Balance	8,702.25	8,702.25
	<u>\$ 3,154,098.15</u>	<u>3,231,479.15</u>

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

2017	1,192,260.00
2018	1,192,260.00

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

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 8,702.25	8,702.25
No Current Year Activity		
Ending Balance December 31	\$ <u>8,702.25</u>	<u>8,702.25</u>

EXHIBIT - G
GENERAL FIXED ASSETS

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

	Balance <u>Dec. 31, 2018</u>	Balance <u>Dec. 31, 2017</u>
General Fixed Assets:		
Land, Buildings and Improvements	\$ 480,745.00	480,745.00
Equipment	698,660.89	619,272.02
	<u>1,179,405.89</u>	<u>1,100,017.02</u>
Total General Fixed Assets	<u>1,179,405.89</u>	<u>1,100,017.02</u>
Investment in General Fixed Assets	\$ <u>1,179,405.89</u>	<u>1,100,017.02</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, 2018 AND 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

The accounting policies of the Township of Downe conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the Township of Downe accounts for its financial transactions through the following separate funds:

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

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

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

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

C. Basis of Accounting

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

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

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

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

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$500 are capitalized.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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

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

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

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

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

D. Required Financial Statements

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

E. Comparative Data

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

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

F. Recent Accounting Pronouncements Not Yet Effective

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Borough's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Borough's financial reporting.

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

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement, which is effective for fiscal periods beginning after June 15, 2019, will not have any effect on the Borough's financial reporting.

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

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Borough's financial reporting.

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

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 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$241,229 and \$245,043.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$189,000 and \$85,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Committee. The following significant budget transfers were approved in the 2018 and 2017 calendar years:

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund:</u>		
Mayor and Committee		
Other Expenses	(7,600.00)	(5,000.00)
Township Clerk		
Salaries and Wages	-	(9,000.00)
Other Expenses	(6,746.00)	-
Financial Administration		
Other Expenses	20,500.00	5,000.00
Legal Services and Costs		
Other Expenses	96,399.00	-
Engineering Services		
Other Expenses	(12,554.00)	-
Garbage and Trash Removal		
Salaries and Wages	(10,000.00)	-
Other Expenses	(28,422.00)	(24,000.00)
Audit Services		
Other Expenses	-	(5,000.00)
Road Repair and Maintenance		
Other Expenses	(16,300.00)	-
Public Buildings and Grounds		
Other Expenses	(13,000.00)	38,000.00
Dog Regulation		
Other Expenses	(8,500.00)	-

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2018 and 2017, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
Small Cities Block Grant	-	175,000.00
NJDOT - 2017	-	67,000.00
USDA	-	51,500.00
Clean Communities	7,980.08	8,344.61

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 2018 or 2017.

Note 3: INVESTMENTS

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

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

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

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2018 and 2017, \$0 of the municipality's bank balance of \$1,926,649.78 and \$1,652,858.44 was exposed to custodial credit risk.

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2018 and 2017:

	Balance 12/31/2016	Additions	Retirements/ Adjustments	Balance 12/31/2017
Land, Buildings and Improvements	\$ 479,855.00	890.00		480,745.00
Equipment	611,880.76	7,391.26		619,272.02
	<u>\$ 1,091,735.76</u>	<u>8,281.26</u>	<u>-</u>	<u>1,100,017.02</u>

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

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/17	Issued	Retired	Balance 12/31/18
Bond Anticipation Notes payable:				
General	\$ 990,000.00	940,000.00	990,000.00	940,000.00
	<u>\$ 990,000.00</u>	<u>940,000.00</u>	<u>990,000.00</u>	<u>940,000.00</u>

The Township has \$940,000 in outstanding bond anticipation notes as of December 31, 2018 payable to PNC Bank, at a rate of 3.00% interest. The note payable will mature on December 10, 2019.

<u>Summary of Municipal Debt</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Bond Anticipation Notes	\$ 940,000.00	990,000.00	1,160,000.00
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,192,260.00	1,192,260.00	192,260.00
Total Authorized But Not Issued	<u>\$ 2,132,260.00</u>	<u>2,182,260.00</u>	<u>1,352,260.00</u>

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 1.402%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -	-	-
General Debt	2,132,260.00	-	2,132,260.00
	<u>\$ 2,132,260.00</u>	<u>-</u>	<u>2,132,260.00</u>

Net Debt \$2,132,260.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$149,658,335.00 = 1.425%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 5,238,041.73
Net Debt	2,132,260.00
Remaining Borrowing Power	<u>\$ 3,105,781.73</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, 2018 and 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2019 and 2018 were as follows:

<u>2019</u>	<u>2018</u>
190,000.00	189,000.00

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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:

	12/31/2018	12/31/2017
Balance of Tax	\$ 732,015.01	732,015.01
Deferred	550,000.00	550,000.00
Tax Payable	<u>\$ 182,015.01</u>	<u>182,015.01</u>

Note 9: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/18	Balance 12/31/17
Prepaid Taxes	<u>\$ 85,725.08</u>	<u>133,276.50</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 85,725.08</u>	<u>133,276.50</u>

Note 10: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/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.

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018, 2017, and 2016 were \$22,626, \$20,742.00, and \$16,867.00.

Significant Legislation

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

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

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

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

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when 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, 2018:

Public Employees' Retirement System

The Municipality has a liability of \$570,864 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018. 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, 2018, the Municipality's proportion would be 0.00002899330%, which would be an increase of 24.86% from its proportion measured as of June 30, 2017.

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$79,966. At December 31, 2018, 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	\$ 10,886	2,944
Changes of assumptions	94,069	182,532
Changes in proportion	160,941	5,355
Net difference between projected and actual earnings on pension plan investments	-	
Total	<u>\$ 265,896</u>	<u>190,831</u>

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

Year ended June 30,	
2019	\$ (3,029)
2020	5,191
2021	33,294
2022	29,830
2023	9,779
Total	<u>\$ 75,065</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.66%, 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 (4.66%) or 1-percentage point higher (6.66%) than the current rate:

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Municipality's proportionate share of the net pension liability	\$ 686,323	570,864	474,060

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, 2018 and 2017 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
2018	\$ 13,883.61	-	765.05	25.08	2,094.14	12,579.60
2017	\$ 11,624.21	2,500.00	861.82	25.72	1,128.14	13,883.61
2016	13,476.09	-	599.76	23.91	2,475.55	11,624.21

TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 14: CONTINGENT LIABILITIES

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

Note 15: INTERFUND BALANCES

During the most recent calendar year ended December 31, 2018, the following interfunds were included on the balance sheets of the various funds of the Township of Downe:

	Due From	Due To
Current Fund:		
General Capital Fund	\$ 421,335.86	
Animal Control Fund		156.46
Trust Other		-
Trust Small Cities		11,637.88
Trust - Escrow		35,254.52
Grant Fund		469,013.75
Grant Fund:		
Capital Fund	3,500.00	333,465.30
Current Fund	469,013.75	
Trust Other		1,850.00
Trust Fund:		
Current - Animal Control Fund	156.46	
Current - Small Cities	11,637.88	
Current - Escrow	36,299.43	
Current - Other		1,044.91
Grant Fund - Small Cities	1,850.00	
General Capital Fund:		
Grant Fund	333,465.30	3,500.00
Current Fund		421,335.86
	\$ <u>1,277,258.68</u>	<u>1,277,258.68</u>

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

**TOWNSHIP OF DOWNE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 16: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through July 22, 2019 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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Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2018, 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 22, 2019, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

Nancy Sbrolla

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

July 22, 2019

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2017	\$ 1,178,630.55	76,228.09
Increased by Receipts:		
Taxes Receivable	3,681,886.83	
Tax Title Liens	10,751.66	
Prepaid Taxes	85,725.08	
Revenue Accounts Receivable	494,214.28	
Miscellaneous Revenue	70,145.74	
Senior Citizen and Veterans	36,143.16	
Due to State - Marriage License	175.00	
Due from Current Fund	-	144.07
Due from Capital Fund	6.00	
Due from Dog Trust	85.00	
Due from Federal & State Grant Fund	621,284.45	
	<u>5,000,417.20</u>	<u>144.07</u>
	6,179,047.75	76,372.16
Decreased by Disbursements:		
Current Year Appropriation	972,033.82	
Prior Year Appropriations	34,676.16	
County Taxes	1,840,380.69	
Local District School Taxes	1,464,606.00	
Special District Taxes	295,191.00	
Refund Tax Overpayments	168.18	
Due to Escrow	1,038.66	
Due from Federal & State Grant Fund	129,305.31	
	<u>4,737,399.82</u>	<u>-</u>
Balance December 31, 2018	\$ <u><u>1,441,647.93</u></u>	<u><u>76,372.16</u></u>

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

Year	Balance Dec. 31, 2017	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2018
Arrears	\$ 2,053.85				2,051.89			(2,669.33)	2,671.29
2016	1,000.00				250.00		500.00	250.00	-
2017	103,847.59				82,579.51	346.45	15,163.67	2,419.33	3,338.63
	106,901.44	-	-	-	84,881.40	346.45	15,663.67	-	6,009.92
2018		4,078,518.41	9,144.85	133,276.50	3,640,690.87	12,111.88	79,147.10		222,436.91
\$	106,901.44	4,078,518.41	9,144.85	133,276.50	3,725,572.27	12,458.33	94,810.77	-	228,446.83
Analysis of Current Year Tax Levy									
Tax Yield:									
General Property Tax									
Special District Taxes									
Added Taxes (54:4-63.1 et. Seq.)									
					3,783,327.41				
					295,191.00				
					9,144.85				
					<u>4,087,663.26</u>				
Tax Levy:									
Special District Tax									
General County Taxes									
County Library Taxes									
County Open Space Taxes									
County Health Taxes									
County Added and Omitted Taxes									
Total County Taxes									
					1,737,122.72				
					295,191.00				
Local School District Tax									
Additional Local School District Tax									
					1,464,606.00				
Local Tax for Municipal Purposes									
Add: Additional Tax Levied									
					486,124.00				
					<u>6,070.64</u>				
					<u>492,194.64</u>				
					<u>4,087,663.26</u>				

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

Balance December 31, 2017		\$	342,386.94
Increased by:			
Transfers from Taxes Receivable	94,810.77		
Interest and Costs Accrued by Sale on February 15, 2018	5,669.09		
			<u>100,479.86</u>
			442,866.80
Decreased by:			
Collections	10,751.66		
Canceled	20,990.33		
			<u>31,741.99</u>
Balance December 31, 2018		\$	<u><u>411,124.81</u></u>

-

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2017	Accrued in 2018	Treasurer	Other	Balance Dec. 31, 2018
Miscellaneous Revenue Anticipated					
Licenses - Other	-	6,709.25	6,709.25		-
Interest and Costs on Taxes	-	25,856.67	25,856.67		-
Interest on Investments	-	2,772.36	2,772.36		-
Energy Receipts Tax	-	208,365.00	208,365.00		-
Garden State Trust	-	250,511.00	250,511.00		-
FEMA	-	-	-		-
Capital Improvement Fund		25,220.00	25,220.00		-
Miscellaneous Revenue Not Anticipated		70,145.74	70,145.74		-
\$	-	589,580.02	589,580.02	-	-
		Cash	564,360.02		
		Noncash	25,220.00		
		Prior Reserves	-		
			589,580.02		

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee					
Salaries and Wages	\$ 215.69	215.69	-	215.69	-
Other Expenses	2,538.62	2,538.62	(210.00)	2,748.62	-
Township Clerk					
Salaries and Wages	579.50	579.50	-	579.50	-
Other Expenses	8,219.91	8,219.91	843.57	7,376.34	-
Financial Administration					
Salaries and Wages	20.70	20.70	-	20.70	-
Other Expenses	3,799.59	3,799.59	1,944.50	1,855.09	-
Collection of Taxes					
Salaries and Wages	1,139.54	1,139.54	-	1,139.54	-
Other Expenses					
Tax Sale Costs	1,147.73	1,147.73	-	1,147.73	-
Miscellaneous Other Expenses	930.84	930.84	-	930.84	-
Assessment of Taxes					
Salaries and Wages	0.88	0.88	-	0.88	-
Other Expenses					
Maintenance of Tax Map	2,656.50	2,656.50	-	2,656.50	-
Miscellaneous Other Expenses	5,116.00	5,116.00	2,424.00	2,692.00	-
Liquidation of Tax Title Liens					
Other Expenses	4,463.00	4,463.00	2,926.85	1,536.15	-
Legal Services					
Other Expenses	6,312.65	6,312.65	6,312.65	-	-
Engineering Services					
Other Expenses	5,160.00	5,160.00	-	5,160.00	-
Municipal Court					
Other Expenses	717.60	717.60	-	717.60	-
Insurance					
Workers Compensation Insurance	64.00	64.00	-	64.00	-
Employee Group Health	7,806.72	7,806.72	4,005.88	3,800.84	-
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	393.77	393.77	-	393.77	-
Other Expenses	5,208.16	5,208.16	350.00	4,858.16	-
Housing Official					
Salaries and Wages	73.84	73.84	-	73.84	-
Other Expenses	300.00	300.00	-	300.00	-
PUBLIC SAFETY					
Emergency Management Services					
Salaries and Wages	102.08	102.08	-	102.08	-
Other Expenses	1,314.94	1,314.94	-	1,314.94	-
PUBLIC WORKS					
Road Repair and Maintenance					
Salaries and Wages	4,371.12	4,371.12	-	4,371.12	-
Other Expenses	7,429.17	7,429.17	3,125.87	4,303.30	-
Public Buildings and Grounds					
Other Expenses	5,440.54	5,440.54	892.82	4,547.72	-
Garbage and Trash					
Salaries and Wages	711.78	711.78	-	711.78	-
Other Expenses	8,945.11	8,945.11	4,878.13	4,066.98	-
HEALTH AND WELFARE					
Environmental					
Other Expenses	200.00	200.00	-	200.00	-
Historical					
Other Expenses	1,083.95	1,083.95	-	1,083.95	-
Dog Regulation					
Other Expenses	3,127.00	3,127.00	100.00	3,027.00	-
Recreation and Tourism					
Other Expenses	200.00	200.00	-	200.00	-
UTILITY EXPENSES AND BULK PURCHASES					
Natural Gas	4,619.91	4,619.91	491.96	4,127.95	-
Electric	3,815.39	3,815.39	83.66	3,731.73	-
Telephone	4,429.01	4,429.01	922.36	3,506.65	-
Street Lighting	14,635.00	14,635.00	5,583.91	9,051.09	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
STATUTORY EXPENDITURES					
Social Security System (O.A.S.I.)	3,164.88	3,164.88	-	3,164.88	-
Unemployment Insurance	1,744.88	1,744.88	-	1,744.88	-
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES					
Local Match	5,500.00	5,500.00		5,500.00	-
CAPITAL IMPROVEMENTS					
Office Equipment	4,000.00	4,000.00		4,000.00	-
Building Improvements	16,000.00	16,000.00		16,000.00	-
	<u>\$ 147,700.00</u>	<u>147,700.00</u>	<u>34,676.16</u>	<u>113,023.84</u>	<u>-</u>
Reserves	126,047.85		-		
Encumbrances	<u>21,652.15</u>				
	<u>147,700.00</u>				

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

Balance December 31, 2017			
School Tax Payable	\$	182,015.01	
School Tax Deferred		<u>550,000.00</u>	
			\$ 732,015.01
Increased by:			
Levy - School Year July 1, 2017 to June 30, 2018			<u>1,464,606.00</u>
			2,196,621.01
Decreased by:			
Payments			<u>1,464,606.00</u>
Balance December 31, 2018			
School Tax Payable		182,015.01	
School Tax Deferred		<u>550,000.00</u>	
			<u>732,015.01</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,464,606.00
Tax Payable Ending			<u>182,015.01</u>
			1,646,621.01
Less: Tax Payable Beginning			<u>182,015.01</u>
Amount charged to Current Year Operations			<u>\$ 1,464,606.00</u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2017	Transferred From 2018 Revenues	Received	Adjustments	Balance Dec. 31, 2018
FEDERAL GRANTS:					
Small Cities - 2013	\$ 32,483.50				32,483.50
Small Cities - Gandy's Beach	192,617.16				192,617.16
Small Cities - Bayview Bulkhead	-				-
Small Cities - CDBG	100,000.00				100,000.00
Small Cities - 2017	119,505.00		41,357.00		78,148.00
Small Cities - 2018		110,000.00			110,000.00
USDA - Special Police Vehicle	25,700.00				25,700.00
USDA - Water / Wastewater	30,000.00				30,000.00
USDA - Sewer Search	30,000.00		30,000.00		-
USDA - Predevelopment	1,933.75				1,933.75
USDA	51,500.00		51,500.00		-
FEMA - Maple Avenue	37,459.22				15,643.22
FEMA - Dyer Cove	17,997.61		21,816.00		17,997.61
National Fish and Wildlife	200,000.00		155,080.00		44,920.00
Total Federal	839,196.24	110,000.00	299,753.00	-	649,443.24
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
Clean Communities	0.32	7,980.08	7,980.08		0.32
Recycling Tonnage	-				-
NJDOT - NJ Avenue	181,000.00		176,494.50		4,505.50
NJDOT - 2016	84,340.62		84,340.62		-
NJDOT - 2017	67,000.00		47,216.25		19,783.75
Total State	481,379.73	7,980.08	316,031.45	-	173,328.36
\$ 1,320,575.97		117,980.08	615,784.45	-	822,771.60
		Cash	615,784.45		-
		Unappropriated Reserves			
			615,784.45		

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2017		2018	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
Small Cities - 2018		\$					
Small Cities - Local Match - 2018			110,000.00				110,000.00
Small Cities - 2017			11,000.00				11,000.00
Small Cities - Local Match - 2017	110,442.50			77,766.23			32,676.27
Small Cities - Local Match	4,500.00			500.00			4,000.00
Small Cities - 2013	17,413.20						17,413.20
Small Cities - Bayview Bulkhead	320.05						320.05
	5,791.12						5,791.12
USDA - Water / Wastewater	1,648.75						1,648.75
National Fish and Wildlife	44,325.00						44,325.00
National Fish and Wildlife - Match	36,140.00			23,988.00			12,152.00
FEMA - Maple Avenue	37,109.22						37,109.22
Hurricane Sandy Flood Relief	16,177.52						16,177.52
DEP - Shore Protection	287.77						287.77
Total Federal	274,155.13	-	121,000.00	102,254.23	-	-	292,900.90
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
Clean Communities	30,816.80		7,980.08	2,206.21			36,590.67
Recycling Tonnage	4,380.03		2,764.41	497.25			6,647.19
Generator Match	8,000.00						8,000.00
NJDOT - NJ Ave	181,000.00			12,500.00			168,500.00
NJDOT - 2016	-						-
NJDOT - 2017	31,605.00			3,349.50			28,255.50
Total State	303,517.05	-	10,744.49	18,552.96	-	-	295,708.58
	577,672.18	-	131,744.49	120,807.19	-	-	588,609.48
			Paid through Current Fund	120,807.19			-
			Paid through Grant Fund	-			-
				120,807.19			120,807.19

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred To 2018 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2018</u>
FEDERAL GRANTS:					
USDA Door	\$ -		5,500.00		5,500.00
Total Federal	-	-	5,500.00	-	5,500.00
STATE GRANTS:					
Clean Communities	7.00				7.00
Recycling Tonnage Grant	2,764.41	2,764.41			-
Money Island	397,500.00				397,500.00
Total State	400,271.41	2,764.41	-	-	397,507.00
\$	400,271.41	2,764.41	5,500.00	-	403,007.00

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2017	\$ 479.54	16,997.36
Increased by Receipts:		
Dog License Fees 2018	446.20	
Due to State of New Jersey	115.80	
Due from Current Fund	1.14	9.00
Miscellaneous Trust Reserves		3,590.13
	<u>563.14</u>	<u>3,599.13</u>
	1,042.68	20,596.49
Decreased by Disbursements		
Statutory Expenditures	300.00	
Due to State of New Jersey	115.80	
Due to Current Fund	1.14	9.00
Miscellaneous Trust Reserves		2,374.14
	<u>416.94</u>	<u>2,383.14</u>
Balance December 31, 2018	\$ <u><u>625.74</u></u>	<u><u>18,213.35</u></u>

TRUST FUND
SCHEDULE OF CASH - COLLECTOR

		<u>Tax Title Lien Redemption</u>
Balance December 31, 2017	\$	24,419.30
Increased by Receipts:		
Interest		49.22
Deposits for Redemption of Tax Sale Certificates		128,716.59
Premium		800.00
		<u>129,565.81</u>
		153,985.11
Decreased by Disbursements		
Returned Premiums		800.00
Refunds of Tax Sale Certificates		140,384.92
		<u>141,184.92</u>
Balance December 31, 2018	\$	<u><u>12,800.19</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2017		\$ 769.40
Increased by:		
Dog License Fees Collected		<u>446.20</u>
		1,215.60
Decreased by:		
Statutory Excess	85.00	
Expenditures under N.J.S. 4:19-15:11	<u>300.00</u>	
		<u>385.00</u>
Balance December 31, 2018		<u><u>\$ 830.60</u></u>

License Fees Collected:

Year		Amount
2017	\$	437.60
2016		<u>393.00</u>
	\$	<u><u>830.60</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2017		\$ (241.46)
Increased by:		
Miscellaneous	1.14	
Statutory Excess	<u>85.00</u>	<u>86.14</u>
		(155.32)
Decreased by:		
Payment		<u>1.14</u>
Balance December 31, 2018		\$ <u><u>(156.46)</u></u>

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

Balance December 31, 2017		\$ (48.40)
Increased by:		
2018 State License Fees		<u>115.80</u>
		67.40
Decreased by:		
Disbursements to the State		<u>115.80</u>
Balance December 31, 2018		\$ <u><u>(48.40)</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Reserve</u>	Balance Dec 31, 2017	Receipts	Disbursements	Balance Dec 31, 2018
Tax Title Lien Redemption	\$ (10.56)	1,049.22		1,038.66
Unemployment	0.24			0.24
Developer's Escrow	(36,299.43)	5.95	5.95	(36,299.43)
Sandy Donation	2.12	0.95	0.95	2.12
Recreation	3.89	2.10	2.10	3.89
				-
	<u>\$ (36,303.74)</u>	<u>1,058.22</u>	<u>9.00</u>	<u>(35,254.52)</u>
		1,049.22	-	
		9.00	9.00	
		<u>1,058.22</u>	<u>9.00</u>	

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018

		<u>Increased by</u>		<u>Decreased by</u>	
<u>Reserve</u>	Balance Dec 31, 2017	Receipts	Adjustment	Disbursements	Balance Dec 31, 2018
Hurricane Sandy Relief	\$ 455.15				455.15
Developer's Escrow	38,388.97	2,800.00		280.00	40,908.97
Recreation	1,052.81				1,052.81
Unemployment Trust	13,883.61	790.13		2,094.14	12,579.60
	<u>\$ 53,780.54</u>	<u>3,590.13</u>	<u>-</u>	<u>2,374.14</u>	<u>54,996.53</u>

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

Balance December 31, 2017		\$	355,263.85
Increased by:			
Receipts	-		
	<hr/>		<hr/>
			-
			355,263.85
Decreased by:			
Disbursements	27,381.00		
	<hr/>		<hr/>
			27,381.00
Balance December 31, 2018		\$	<u><u>327,882.85</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 8,702.25							8,702.25
Capital Improvement Fund	176,750.00							151,530.00
Due to Current Fund	396,121.86				6.00	25,220.00	25,220.00	421,335.86
Due to Grant Fund	(329,965.30)							(329,965.30)
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:	-							-
00-06 Emergency Services Building	-							-
04-03 Aluminum Observation Tower	385.00							385.00
01-12 Various Improvements	185,230.56			6,375.00				178,855.56
02-13 Improvements to Buildings	595.00							595.00
07-14 Fortescue Berm	14,380.16			14,380.16				(0.00)
08-14 Gandy's Beach Bulkhead	394,059.32			6,619.84				387,439.48
01-15 Various Equipment	(175,750.00)							(175,750.00)
	\$ 355,263.85	-	-	27,375.00	6.00	25,220.00	25,220.00	327,882.85

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

Balance December 31, 2017		\$	176,750.00
Increased by:			
Budget Appropriation			
	<hr/>		<hr/>
			-
			176,750.00
Decreased by:			
Budgeted Revenue			
	<hr/>		<hr/>
	25,220.00		25,220.00
Balance December 31, 2018		\$	<u><u>151,530.00</u></u>

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

Balance December 31, 2017		\$	
Increased by:			
No current year activity	<hr/>		<hr/> -
			-
Decreased by:			
	<hr/>		<hr/> -
Balance December 31, 2018		\$	<hr/> - <hr/>

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

Ord #	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Raised in 2018 Budget	Debt Issued	Balance Dec. 31, 2018	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
07-14	Fortescue Berm	\$ 320,850.00		9,463.00		311,387.00	311,387.00		
08-14	Gandy's Beach Bulkhead	685,660.00		40,537.00		645,123.00	628,613.00		
01-15	Various Equipment	175,750.00				175,750.00		175,750.00	
04-17	Sewer Improvements	1,000,000.00				1,000,000.00			1,000,000.00
		<u>\$ 2,182,260.00</u>	<u>-</u>	<u>50,000.00</u>	<u>-</u>	<u>2,132,260.00</u>	<u>940,000.00</u>	<u>175,750.00</u>	<u>1,000,000.00</u>
							Improvement Authorizations Unfunded		
							Less:		
							Unexpended Proceeds of Bond		
							Anticipation Notes Issued:		
							Ord. Number		
								\$ 403,949.48	
									<u>403,949.48</u>
									<u>1,000,000.00</u>

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**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, 2017	Increased	Decreased	Balance Dec. 31, 2018
			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, 2017	Increased	Decreased	Balance Dec. 31, 2018
Various Improvements	01-12	12/17/2014	12/12/2017	12/11/2018	2.000%	\$ 320,850.00		320,850.00	-
			12/11/2018	12/10/2019	3.000%	-	311,387.00		311,387.00
Gandy's Beach	08-14	12/16/2015	12/12/2017	12/11/2018	2.000%	669,150.00		669,150.00	-
			12/11/2018	12/10/2019	3.000%	-	628,613.00		628,613.00
						<u>\$ 990,000.00</u>	<u>940,000.00</u>	<u>990,000.00</u>	<u>940,000.00</u>

-

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Debt Issued	Other	Balance Dec. 31, 2018
08-14	Gandy's Beach Bulkhead	\$ 16,510.00				16,510.00
01-15	Dump Truck/Alarm System	175,750.00				175,750.00
4-17	Sewer Improvements	1,000,000.00				1,000,000.00
		<u>\$ 1,192,260.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,192,260.00</u>

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TOWNSHIP OF DOWNE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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GENERAL COMMENTS

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

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

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 2, 2018, 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 2017.

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 February 15, 2018 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>
2018	100
2017	97
2016	81

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 2018 and 2017 Taxes	5
Delinquent Taxes	3

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

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

2018	\$	4,087,663	3,773,967	92.33%
2017		3,975,976	3,765,226	94.70%
2016		4,029,147	3,852,143	95.61%
2015		3,826,815	3,626,342	94.76%
2014		3,579,049	3,405,262	95.14%

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 2.229	2.137	2.139	2.006	1.851
Apportionment of Tax Rate:					
Municipal	0.286	0.281	0.273	0.259	0.231
County	1.081	1.002	1.026	0.989	0.883
School	0.862	0.854	0.840	0.758	0.737
Assessed Valuation	\$ 167,308,400	171,694,700	174,390,957	176,531,505	178,154,545

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.

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of Tax <u>Levy</u>
2018	\$ 411,125	228,447	639,572	15.65%
2017	342,387	106,901	449,288	11.30%
2016	263,608	106,467	370,075	9.18%
2015	278,833	144,575	423,408	11.06%
2014	237,135	119,817	356,952	9.97%

FINDINGS AND RECOMMENDATIONS

NONE

STATUS OF PRIOR RECOMMENDATIONS

NONE

RECOMMENDATIONS

NONE

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 22, 2019