

TOWNSHIP OF NEW HANOVER

COUNTY OF BURLINGTON

REPORT OF AUDIT

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

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TOWNSHIP OF NEW HANOVER

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of New Hanover
Cookstown, New Jersey 08511

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of New Hanover, in the County of Burlington, State of New Jersey, as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of 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 the State 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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” 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 the Township of New Hanover, in the County of Burlington, State of New Jersey, as of December 31, 2020 and 2019, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of New Hanover, in the County of Burlington, State of New Jersey, as of December 31, 2020 and 2019, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2020, in conformity with accounting principles and practices 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

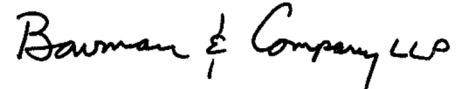
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township’s basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate 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 statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

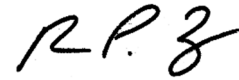
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of the Township of New Hanover, in the County of Burlington, State of New Jersey, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of New Hanover's 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 New Hanover's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink that reads "R.P. Nehila, Jr.". The signature is written in a cursive, flowing style.

Robert P. Nehila, Jr.
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 28, 2021

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of New Hanover
Cookstown, New Jersey 08511

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of New Hanover, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 28, 2021. That report indicated that the Township of New Hanover's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of New Hanover's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of New Hanover's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of New Hanover'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, as described in the accompanying *Schedule of Findings and Recommendations* as *Finding No. 2020-001* and *Finding No. 2020-002* that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of New Hanover's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Recommendations* as *Finding No. 2020-003*.

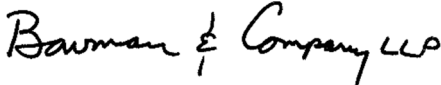
The Township of New Hanover's Response to Findings

The Township of New Hanover's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert P. Nehila, Jr.
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 28, 2021

TOWNSHIP OF NEW HANOVER

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

As of December 31, 2020 and 2019

<u>ASSETS</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Regular Fund:			
Cash--Treasurer	SA-1	\$ 2,467,231.95	\$ 2,589,578.57
Change Fund	SA-2	200.00	200.00
Due State of New Jersey Senior Citizens' and Veterans' Deductions	SA-5	<u>510.00</u>	<u>260.00</u>
		<u>2,467,941.95</u>	<u>2,590,038.57</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-4	40,233.31	57,414.70
Tax Title Liens Receivable	SA-8	261,759.32	255,516.82
Revenue Accounts Receivable	SA-7	2,113.72	3,204.75
Due from Trust--Animal Control Fund	SB-3	1,540.18	1,106.38
Due from Trust--Other Funds	SB-4	13,041.73	35,726.82
Due from General Capital Fund	SC-6	<u>88,546.91</u>	<u>74,993.49</u>
		<u>407,235.17</u>	<u>427,962.96</u>
		<u>2,875,177.12</u>	<u>3,018,001.53</u>
Federal and State Grant Fund:			
Due from Current Fund	SA-17	203,167.97	45,933.74
Federal and State Grants Receivable	SA-18	<u>308,580.35</u>	<u>450,324.35</u>
		<u>511,748.32</u>	<u>496,258.09</u>
		<u>\$ 3,386,925.44</u>	<u>\$ 3,514,259.62</u>

(Continued)

TOWNSHIP OF NEW HANOVER

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

As of December 31, 2020 and 2019

**LIABILITIES, RESERVES
AND FUND BALANCE**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3 & SA-12	\$ 367,517.13	\$ 358,038.75
Reserve for Encumbrances	A-3 & SA-12	17,166.37	3,698.34
Accounts Payable	A	18.50	18.50
Due to Federal and State Grant Fund	SA-17	203,167.97	45,933.74
Due to Consolidated School District	SA-13	81,597.00	74,263.00
Due to State of New Jersey--Marriage Licenses	SA-9	50.00	125.00
Due to State of New Jersey--DCA Fees	SA-14		328.39
Prepaid Taxes	SA-10	41,368.35	28,030.22
Tax Overpayments	SA-6	14,238.05	10,732.92
Reserve for Tax Sale Premium	A	3,100.00	3,100.00
Reserve for Tree Trust	A	3,660.00	3,660.00
Reserve for Sunnymeade Improvement	A	50,248.00	50,248.00
Due County of Added & Omitted Taxes	SA-11	2,182.31	
Consolidated School District Tax Payable	SA-16	508,257.95	731,806.15
		<u>1,292,571.63</u>	<u>1,309,983.01</u>
Reserve for Receivables and Other Assets	A	407,235.17	427,962.96
Fund Balance	A-1	<u>1,175,370.32</u>	<u>1,280,055.56</u>
		<u>2,875,177.12</u>	<u>3,018,001.53</u>
Federal and State Grant Fund:			
Reserve for Federal and State Grants:			
Unappropriated	SA-19	34,847.87	71,444.89
Appropriated	SA-20	476,900.45	424,813.20
		<u>511,748.32</u>	<u>496,258.09</u>
		<u>\$ 3,386,925.44</u>	<u>\$ 3,514,259.62</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF NEW HANOVER
CURRENT FUND

Statements of Operations and Changes in Fund Balance--Regulatory Basis
For the Years Ended December 31, 2020 and 2019

<u>Revenue and Other</u> <u>Income Realized</u>	<u>2020</u>	<u>2019</u>
Fund Balance Utilized	\$ 682,600.00	\$ 639,500.00
Miscellaneous Revenue Anticipated	1,126,866.62	1,184,516.94
Receipts from Delinquent Taxes	52,579.53	19,532.24
Receipts from Current Taxes	1,583,074.01	1,539,996.69
Non-Budget Revenue	198,361.96	84,860.56
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	303,652.84	322,451.23
Cancellation of Tax Overpayments		625.81
Liquidation of Reserves:		
Due Trust Other Fund	22,685.09	5,980.43
Due General Capital Fund		587,328.00
Total Income	3,969,820.05	4,384,791.90
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	506,550.00	503,800.00
Other Expenses	970,550.00	989,550.00
Deferred Charges and Statutory Expenditures--Municipal	91,981.00	102,836.00
Excluded from "CAPS":		
Operations:		
Salaries and Wages	24,095.65	5,500.00
Other Expenses	180,944.99	129,534.96
Municipal Debt Service	6,662.62	6,662.61
Transferred to Board of Education for Use of Local Schools	7,334.00	7,798.00
County Taxes	356,477.23	369,394.14
Due County Added and Omitted Taxes	2,182.31	
Consolidated District School Tax	1,196,985.00	1,166,115.00
Refund of Prior Year Revenue	33,471.39	
Miscellaneous Added Tax Overpayments	683.88	
Creation of Reserve for:		
Due Animal Control Fund	433.80	582.10
Due General Capital Fund	13,553.42	
Total Expenditures	3,391,905.29	3,281,772.81
Statutory Excess to Fund Balance	577,914.76	1,103,019.09
<u>Fund Balance</u>		
Balance, January 1	1,280,055.56	816,536.47
	1,857,970.32	1,919,555.56
Decreased by:		
Utilized as Revenue	682,600.00	639,500.00
Balance, December 31	\$ 1,175,370.32	\$ 1,280,055.56

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2020

	<u>Anticipated</u>			
	<u>Budget</u>	<u>Special N.J.S.40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 682,600.00		\$ 682,600.00	
Miscellaneous Revenues:				
Local Revenues:				
Fines and Costs:				
Municipal Court	40,000.00		29,362.53	\$ (10,637.47)
Interest on Investments and Deposits	15,000.00		38,068.79	23,068.79
State Aid without offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	837,107.00		837,107.00	
Energy Receipts Tax	56,457.00		56,457.00	
Dedicated Uniform Construction Code Fees				
Offset with Appropriations:				
Uniform Construction Code Fees	5,000.00		6,344.91	1,344.91
Special Items of General Revenue Anticipated with Prior				
Written Consent of Director of Local Government Services:				
Public and Private Revenues Offset with Appropriations:				
Body Armor Replacement Fund	773.00		773.00	
Clean Communities Program	6,761.88		6,761.88	
Click It or Ticket	5,500.00		5,500.00	
Drive Sober or Get Pulled Over	11,000.00		11,000.00	
Drunk Driving Enforcement Grant	7,595.65		7,595.65	
Recycling Tonnage Grant	2,314.36		2,314.36	
Safe and Secure Communities Program--P.L. 1993 Ch. 220	37,500.00		37,500.00	
USDA Rural Development Grant		\$ 68,769.00	68,769.00	
Other Special Items				
Interlocal Service Agreement - Wrightstown Municipal Court	25,750.00		19,312.50	(6,437.50)
Total Miscellaneous Revenues	1,050,758.89	68,769.00	1,126,866.62	7,338.73
Receipts from Delinquent Taxes	20,000.00		52,579.53	32,579.53
Subtotal General Revenues	1,753,358.89	68,769.00	1,862,046.15	39,918.26
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including				
Reserve for Uncollected Taxes	61,919.58		122,858.30	60,938.72
Budget Totals	1,815,278.47	68,769.00	1,984,904.45	100,856.98
Non-Budget Revenues			198,361.96	198,361.96
	<u>\$ 1,815,278.47</u>	<u>\$ 68,769.00</u>	<u>\$ 2,183,266.41</u>	<u>\$ 299,218.94</u>

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2020

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 1,583,074.01
Allocated to School and County Taxes	<u>1,555,644.54</u>

Balance for Support of Municipal Budget Appropriations	27,429.47
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Add: Appropriation "Reserve for Uncollected Taxes"	<u>95,428.83</u>
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Amount for Support of Municipal Budget Appropriations	<u>\$ 122,858.30</u>
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Receipts from Delinquent Taxes	<u>\$ 52,579.53</u>
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Analysis of Non-Budget Revenues

Other Treasurer Receipts:

Bingo and Raffle Licenses	\$ 500.00	
Cable Television Fees	2,601.20	
Cellular Tower Fees	13,053.35	
Criminal Report Fees	126.00	
Hotel Fees	15,375.69	
Interest and Costs on Taxes	9,541.54	
Liquor Licenses	400.00	
Marriage Licenses and Fees	440.00	
Mercantile Licenses	1,950.00	
Miscellaneous	594.93	
Motor Vehicle Report	250.00	
Outside Police Employment Reimbursement	138,433.50	
Refunds and Reimbursements	11,133.95	
Senior and Veterans Admin Fee	190.00	
Senior Center Rental	95.00	
Tax List	10.00	
Towing Fees	2,570.00	
Zoning Board Applications and Permits	<u>550.00</u>	
		\$ 197,815.16
Less Refunds Disbursed		(95.00)
Due Animal Control Fund - Excess Reserve		<u>641.80</u>
Total Miscellaneous Revenues Not Anticipated		<u>\$ 198,361.96</u>

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

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Charged</u>			<u>Balance</u>
		<u>Modification</u>				<u>Canceled</u>
<u>OPERATIONS--WITHIN "CAPS"</u>						
<u>General Government</u>						
Administrative and Executive						
Salaries and Wages	\$ 22,000.00	\$ 22,000.00	\$ 20,492.41		\$ 1,507.59	
Other Expenses	7,500.00	7,500.00	5,868.30		1,631.70	
Mayor and Committee						
Salaries and Wages	52,000.00	49,500.00	41,404.00		8,096.00	
Other Expenses	4,800.00	4,800.00	2,258.55		2,541.45	
Municipal Clerk						
Salaries and Wages	45,000.00	47,000.00	44,618.34		2,381.66	
Other Expenses	12,000.00	12,000.00	10,794.73		1,205.27	
Financial Administration (Treasury)						
Salaries and Wages	16,500.00	16,500.00	16,402.92		97.08	
Other Expenses	14,500.00	14,500.00	11,312.35		3,187.65	
Audit Services						
Other Expenses	40,000.00	40,000.00	39,780.00		220.00	
Revenue Administration (Tax Collection)						
Salaries and Wages	14,000.00	14,000.00	12,589.96		1,410.04	
Other Expenses	5,000.00	5,000.00	4,016.26		983.74	
Tax Assessment Administration						
Salaries and Wages	15,000.00	15,000.00	12,300.00		2,700.00	
Other Expenses	3,000.00	3,000.00	1,606.12		1,393.88	
Reassessment	10,000.00					
Legal Services and Costs						
Other Expenses	42,000.00	42,000.00	22,001.00		19,999.00	
Engineering Services						
Other Expenses	40,000.00	45,000.00	42,256.29		2,743.71	
Economic Development						
Other Expenses	2,000.00	2,000.00			2,000.00	
Land Use Administration						
Land Development Board						
Salaries and Wages	3,000.00	3,500.00	3,192.18		307.82	
Other Expenses	15,500.00	13,000.00	9,166.86		3,833.14	
Insurance						
General Liability Insurance	90,000.00	90,000.00	90,000.00			
Workers Compensation	33,000.00	33,000.00	32,013.98		986.02	
Group Insurance Plan for Employees	265,000.00	265,000.00	164,442.33		100,557.67	

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Charged</u>			<u>Balance</u>
		<u>Modification</u>				<u>Canceled</u>
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Public Safety</u>						
Police						
Salaries and Wages	\$ 188,000.00	\$ 188,000.00	\$ 168,955.53		\$ 19,044.47	
Other Expenses	45,000.00	45,000.00	16,240.07	\$ 475.05	28,284.88	
Office of Emergency Management						
Salaries and Wages	3,800.00	3,800.00	2,119.23		1,680.77	
Other Expenses	1,750.00	1,750.00			1,750.00	
Aid to Volunteer Fire Company	10,000.00	10,000.00	10,000.00			
Aid to Volunteer Ambulance Company	1,000.00	1,000.00	898.27		101.73	
Municipal Prosecutors Office:						
Other Expenses	9,000.00	9,000.00	6,000.00		3,000.00	
<u>Public Works</u>						
Road Repairs and Maintenance						
Salaries and Wages	42,000.00	48,000.00	47,686.69		313.31	
Other Expenses	14,000.00	14,000.00	4,891.40	9,000.00	108.60	
Other Public Work Functions:						
Salaries and Wages	1,500.00	1,500.00			1,500.00	
Other Expenses	7,500.00	7,500.00	3,168.19	4,000.00	331.81	
Solid Waste Collection						
Salaries and Wages	750.00	750.00			750.00	
Other Expenses	7,500.00	7,500.00	4,512.78		2,987.22	
Public Buildings and Grounds						
Salaries and Wages	3,000.00	3,000.00	2,708.29		291.71	
Other Expenses	28,000.00	32,000.00	15,841.03		16,158.97	
Vehicle Maintenance						
Other Expenses	20,500.00	20,500.00	6,729.35	2,450.00	11,320.65	
<u>Health and Human Services</u>						
Public Health Services						
Salaries and Wages	2,000.00	2,000.00			2,000.00	
Other Expenses	2,000.00	2,000.00	448.50		1,551.50	
Animal Control Services						
Other Expenses	2,000.00	2,000.00	600.00		1,400.00	

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Charged</u>			<u>Balance</u>
		<u>Modification</u>				<u>Canceled</u>
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Park and Recreation</u>						
Recreation Services						
Salaries and Wages	\$ 500.00	\$ 500.00			\$ 500.00	
Other Expenses	5,000.00	5,000.00	\$ 2,000.00	\$ 978.00	2,022.00	
Maintenance of Parks						
Other Expenses	10,000.00	10,000.00	5,656.66		4,343.34	
<u>Other Functions</u>						
Municipal Court						
Salaries and Wages	70,000.00	70,000.00	63,634.86		6,365.14	
Other Expenses	11,000.00	11,000.00	7,119.59	154.00	3,726.41	
Public Defender						
Other Expenses	9,000.00	9,000.00			9,000.00	
<u>Appropriations Offset by Dedicated Revenues</u>						
Code Enforcement						
Salaries and Wages	28,500.00	21,500.00	16,408.77		5,091.23	
Other Expenses	5,000.00	12,000.00	4,429.00		7,571.00	
<u>Unclassified</u>						
Celebration of Public Events						
Other Expenses	7,000.00	9,000.00	8,305.34		694.66	
Electricity	32,000.00	28,500.00	14,836.18		13,663.82	
Street Lighting	36,000.00	32,500.00	21,011.32		11,488.68	
Telephone	7,000.00	7,000.00	6,843.64	109.32	47.04	
Natural Gas	15,000.00	15,000.00	4,413.74		10,586.26	
Telecommunication Costs	12,000.00	12,000.00	10,078.37		1,921.63	
Sewerage Processing	5,000.00	5,000.00	500.00		4,500.00	
Gasoline	19,000.00	15,500.00	8,651.66		6,848.34	
<u>Recycling and Landfill</u>						
Landfill/ Solid Waste Disposal Costs						
Other Expenses	70,000.00	70,000.00	62,600.50		7,399.50	
Total Operations--Within "CAPS"	1,483,100.00	1,477,100.00	1,113,805.54	17,166.37	346,128.09	-

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>				
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
Detail:						
Salaries and Wages	\$ 507,550.00	\$ 506,550.00	\$ 452,513.18		\$ 54,036.82	
Other Expenses	975,550.00	970,550.00	661,292.36	\$ 17,166.37	292,091.27	
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	22,158.00	22,158.00	22,158.00			
Social Security System (O.A.S.I.)	40,000.00	46,000.00	45,113.10		886.90	
Police and Firemen's Retirement System of N.J.	21,323.00	21,323.00	21,323.00			
Unemployment Insurance	2,500.00	2,500.00	1,997.86		502.14	
Total Statutory Expenditures	85,981.00	91,981.00	90,591.96	-	1,389.04	-
Total General Appropriations for Municipal Purposes Within "CAPS"	1,569,081.00	1,569,081.00	1,204,397.50	17,166.37	347,517.13	-
<u>OPERATIONS--EXCLUDED FROM "CAPS"</u>						
Other Operations -- Excluded from "CAPS"						
Reserve for Tax Appeals	20,000.00	20,000.00			20,000.00	
<u>OPERATIONS--EXCLUDED FROM "CAPS"</u>						
<u>State and Federal Programs Off-Set by Revenues</u>						
Matching Funds for Grants	44,826.75	44,826.75	44,826.75			
Body Armor Replacement Program	773.00	773.00	773.00			
Clean Communities Program	6,761.88	6,761.88	6,761.88			
Click it or Ticket	5,500.00	5,500.00	5,500.00			
Drive Sober or Get Pulled Over	11,000.00	11,000.00	11,000.00			
Drunk Driving Enforcement Grant	7,595.65	7,595.65	7,595.65			
Recycling Tonnage Grant	2,314.36	2,314.36	2,314.36			
Safe and Secure Communities Program	37,500.00	37,500.00	37,500.00			
USDA Rural Development Grant (NJSA 40A:4-87; \$33,669.00 and \$35,100.00)		68,769.00	68,769.00			
Total Public and Private Programs Off-Set by Revenues	116,271.64	185,040.64	185,040.64	-	-	-
Total Operations--Excluded from "CAPS"	136,271.64	205,040.64	185,040.64	-	\$ 20,000.00	-

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Charged</u>			<u>Balance</u>
		<u>Modification</u>				<u>Canceled</u>
<u>OPERATIONS--EXCLUDED FROM "CAPS" (CONT'D)</u>						
Detail:						
Salaries and Wages	\$ 24,095.65	\$ 24,095.65	\$ 24,095.65			
Other Expenses	112,175.99	180,944.99	160,944.99		\$ 20,000.00	
<u>MUNICIPAL DEBT SERVICE--EXCLUDED FROM "CAPS"</u>						
Interest on Notes	500.00	500.00				\$ 500.00
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	6,663.00	6,663.00	6,662.62			0.38
Total Debt Service--Excluded from "CAPS"	7,163.00	7,163.00	6,662.62	-	-	500.38
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	7,334.00	7,334.00	7,334.00	-	-	-
Total General Appropriation for Municipal Purposes-- Excluded from "CAPS"	150,768.64	219,537.64	199,037.26		20,000.00	500.38
Subtotal General Appropriations	1,719,849.64	1,788,618.64	1,403,434.76	\$ 17,166.37	367,517.13	500.38
Reserve for Uncollected Taxes	95,428.83	95,428.83	95,428.83			
	<u>\$ 1,815,278.47</u>	<u>\$ 1,884,047.47</u>	<u>\$ 1,498,863.59</u>	<u>\$ 17,166.37</u>	<u>\$ 367,517.13</u>	<u>\$ 500.38</u>
Original Budget		\$ 1,815,278.47				
Appropriation by NJS 40A:4-87		68,769.00				
		<u>\$ 1,884,047.47</u>				
Due to Consolidated School District			\$ 7,334.00			
Reserve for Federal And State Grants--Appropriated			185,040.64			
Reserve for Uncollected Taxes			95,428.83			
Refunds			(114,162.77)			
Disbursed by Animal Control Fund			208.00			
Disbursed by Trust Other Fund			28,934.79			
Disbursed			1,296,080.10			
			<u>\$ 1,498,863.59</u>			

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

TOWNSHIP OF NEW HANOVER
TRUST FUNDS
 Statements of Assets, Liabilities and Reserves -- Regulatory Basis
 As of December 31, 2020 and 2019

<u>ASSETS</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Animal Control Fund:			
Cash	SB-1	\$ 2,204.42	\$ 1,976.22
Other Funds:			
Cash	SB-1	223,533.22	314,686.25
Due Developers	B	4,711.69	4,711.69
		<u>228,244.91</u>	<u>319,397.94</u>
		<u>\$ 230,449.33</u>	<u>\$ 321,374.16</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	SB-2	\$ 664.24	\$ 869.84
Due Current Fund	SB-3	<u>1,540.18</u>	<u>1,106.38</u>
		<u>2,204.42</u>	<u>1,976.22</u>
Other Funds:			
Due Current Fund	SB-4	13,041.73	35,726.82
Due State - Excess Public Defender	B	552.00	552.00
Other Trust Reserves:			
Reserve for Developers' Escrow Deposits	SB-5	115,018.68	177,160.61
Reserve for Public Defender	SB-5	5,766.00	8,254.50
Reserve for POAA	SB-5	30.18	28.18
Reserve for MLETA	SB-5	907.88	5,362.64
Reserve for Fire Safety	SB-5	38.00	38.00
Reserve for Affordable Housing	SB-5	84,257.13	83,705.57
Reserve for Municipal Alliance Program	SB-5	<u>8,633.31</u>	<u>8,569.62</u>
		<u>228,244.91</u>	<u>319,397.94</u>
		<u>\$ 230,449.33</u>	<u>\$ 321,374.16</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF NEW HANOVER

GENERAL CAPITAL FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

As of December 31, 2020 and 2019

<u>ASSETS</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Cash	SC-1	\$ 2,535,490.07	\$ 2,535,490.07
Deferred Charges - Funded	SC-3	54,627.71	60,115.33
		<u>\$ 2,590,117.78</u>	<u>\$ 2,595,605.40</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	SC-4	\$ 171,237.28	\$ 185,240.80
Reserve for Encumbrances	SC-4	450.10	
Renovations to Township Owned Property	C	36,300.00	36,300.00
Capital Improvement Fund	C	1,438,892.11	1,438,892.11
Farmland Preservation Fund	C	800,000.00	800,000.00
Due to Current Fund	SC-6	88,546.91	74,993.49
Green Acres Note Payable	SC-5	54,627.71	60,115.33
Fund Balance	C	63.67	63.67
		<u>\$ 2,590,117.78</u>	<u>\$ 2,595,605.40</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF NEW HANOVER
GENERAL FIXED ASSET ACCOUNT GROUP
Statement of General Fixed Asset Group of Accounts--Regulatory Basis
For the Year Ended December 31, 2020

	Balance <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2020</u>
General Fixed Assets:				
Land and Land Improvements	\$ 819,740.08	\$ 60,000.00		\$ 879,740.08
Buildings	2,137,075.00	30,500.00		2,167,575.00
Vehicles	756,747.92			756,747.92
Machinery and Equipment	94,685.49	22,110.00		116,795.49
	<u>\$ 3,808,248.49</u>	<u>\$ 112,610.00</u>	<u>\$ -</u>	<u>\$ 3,920,858.49</u>
Investment in General Fixed Assets	<u>\$ 3,808,248.49</u>	<u>\$ 112,610.00</u>	<u>\$ -</u>	<u>\$ 3,920,858.49</u>

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

TOWNSHIP OF NEW HANOVER
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of New Hanover (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on February 21, 1798 from portions of Chesterfield Township and Springfield Township. The Township, located in Burlington County, New Jersey, has a total area of approximately twenty two square miles, and is located in the Delaware Valley. The Township borders North Hanover Township, Pemberton Township and Wrightstown in Burlington County and Plumsted Township in Ocean County. According to the 2010 census, the population is 7,385.

The Township is governed under the Township Committee form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

Component Units - The Township had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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 respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balance included in the current fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington and the Township of New Hanover Consolidated School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of New Hanover Consolidated School District. Operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2019 and decreased by the amount deferred at December 31, 2020.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Burlington. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected 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 agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2020, the Township's bank balances of \$5,318,595.44 were all insured by FDIC and GUDPA.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

	<u>Year Ended</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.497</u>	<u>\$ 2.464</u>	<u>\$ 2.524</u>	<u>\$ 2.594</u>	<u>\$ 2.453</u>
Apportionment of Tax Rate:					
County	\$.552	\$.570	\$.572	\$.579	\$.550
Consolidated School District	1.850	1.799	1.856	1.921	1.903
Municipal	.095	.095	.096	.094	-

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 64,714,900.00
2019	64,847,500.00
2018	62,830,700.00
2017	62,922,800.00
2016	60,841,800.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$ 1,625,580.48	\$ 1,583,074.01	97.39%
2019	1,599,633.07	1,539,996.69	96.27%
2018	1,636,185.63	1,607,233.72	98.23%
2017	1,666,366.77	1,634,971.67	98.12%
2016	1,512,990.52	1,451,697.75	95.95%

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 261,759.32	\$ 40,233.31	\$ 301,992.63	18.58%
2019	225,516.82	57,414.70	282,931.52	17.69%
2018	249,356.82	24,367.41	273,724.23	16.73%
2017	236,561.82	31,488.44	268,050.26	16.09%
2016	236,561.82	59,788.70	296,350.52	19.59%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2020	1
2019	1
2018	1
2017	1
2016	1

Note 4: FUND BALANCES APPROPRIATED

The following schedules detail the amount of current fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 1,175,370.32	\$ 687,500.00	58.49%
2019	1,280,055.56	682,600.00	53.33%
2018	816,536.47	639,500.00	78.32%
2017	908,110.56	618,202.00	68.08%
2016	653,716.24	618,500.00	94.61%

Note 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2020:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 103,128.82	\$ 203,167.97
Federal and State Grant	203,167.97	
Trust - Animal Control		1,540.18
Trust - Other		13,041.73
General Capital		88,546.91
Totals	<u>\$ 306,296.79</u>	<u>\$ 306,296.79</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2021, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 6: PENSION PLANS

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2020 was 15.32% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Township's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$25,173.00, and was payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$22,093.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$12,324.17.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - The Township's contractually required contribution rate for the year ended December 31, 2020 was 23.12% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2020, the Township's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$41,531.00 and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$21,323.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$19,095.60.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2020 was 3.19% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2020 is \$5,736.00, and was payable by April 1, 2021. For the prior year measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 was \$2,749.00 which was paid on April 1, 2020.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2020, the Township's proportionate share of the PERS net pension liability was \$375,251.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Township's proportion was .0023011116%, which was an increase of .0000298176% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date is \$1,357.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Township's contribution to PERS was \$22,093.00, and was paid on April 1, 2020.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System**

Pension Liability - At December 31, 2020, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 480,352.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	74,548.00
	<u>\$ 554,900.00</u>

Pension Liability - The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2020 measurement date, the Township's proportion was .0037175155%, which was an increase of .0016065585% from its proportion measured as of June 30, 2019. Likewise, at June 30, 2020, the State of New Jersey's proportion, on-behalf of the Township, was .0037175155%, which was an increase of .0016065585% from its proportion, on-behalf of the Township, measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date is \$85,603.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Township's contribution to PFRS was \$21,323.00, and was paid on April 1, 2020.

For the year ended December 31, 2020, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2020 measurement date is \$8,449.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2020, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 6,833.00	\$ 4,843.00	\$ 11,676.00	\$ 1,327.00	\$ 1,724.00	\$ 3,051.00
Changes of Assumptions	12,174.00	1,209.00	13,383.00	157,121.00	128,780.00	285,901.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	12,826.00	28,165.00	40,991.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	15,088.00	346,898.00	361,986.00	29,662.00	166,627.00	196,289.00
Township Contributions Subsequent to the Measurement Date	12,587.00	20,766.00	33,353.00	-	-	-
	<u>\$ 59,508.00</u>	<u>\$ 401,881.00</u>	<u>\$ 461,389.00</u>	<u>\$ 188,110.00</u>	<u>\$ 297,131.00</u>	<u>\$ 485,241.00</u>

Deferred outflows of resources in the amounts of \$12,587.00 and \$20,766.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2021. These amounts were based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2020 to the Township's year end of December 31, 2020.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
June 30, 2018	5.00	-	5.00	-
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ (53,853.00)	\$ 29,774.00	\$ (24,079.00)
2022	(47,334.00)	(9,969.00)	(57,303.00)
2023	(27,970.00)	(11,433.00)	(39,403.00)
2024	(10,095.00)	40,632.00	30,537.00
2025	(1,937.00)	34,980.00	33,043.00
	<u>\$ (141,189.00)</u>	<u>\$ 83,984.00</u>	<u>\$ (57,205.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: ⁽¹⁾		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

⁽¹⁾ based on years of service

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

Police and Firemen's Retirement System

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the 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 rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	<u>3.00%</u>	3.40%
	<u>100.00%</u>	

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate -**

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 2.21% as of the June 30, 2020 measurement date 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 would be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 2.21% as of June 30, 2020 measurement date 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 based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability at June 30, 2020, the Plan's measurement date, calculated using a discount rate of 7.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 472,379.00	\$ 375,251.00	\$ 292,836.00

Note 6: PENSION PLANS (CONT'D)**Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2020, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 638,769.00	\$ 480,352.00	\$ 348,774.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	99,134.00	74,548.00	54,128.00
	<u>\$ 737,903.00</u>	<u>\$ 554,900.00</u>	<u>\$ 402,902.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Supplementary Pension Information

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Eight Plan Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net Pension Liability	0.0023011116%	0.0022712940%	0.0024328503%	0.0023423099%
Township's Proportionate Share of the Net Pension Liability \$	375,251.00	\$ 409,253.00	\$ 479,016.00	\$ 545,252.00
Township's Covered Payroll (Plan Measurement Period) \$	166,516.00	\$ 169,980.00	\$ 170,852.00	\$ 162,272.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	225.35%	240.77%	280.37%	336.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0024631193%	0.0024563474%	0.0024750554%	0.0025131405%
Township's Proportionate Share of the Net Pension Liability \$	729,505.00	\$ 551,401.00	\$ 463,398.00	\$ 480,311.00
Township's Covered Payroll (Plan Measurement Period) \$	169,448.00	\$ 169,448.00	\$ 171,168.00	\$ 173,364.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	430.52%	325.41%	270.73%	277.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Contractually Required Contribution	\$ 25,173.00	\$ 22,093.00	\$ 24,199.00	\$ 21,699.00
Township's Contribution in Relation to the Contractually Required Contribution	(25,173.00)	(22,093.00)	(24,199.00)	(21,699.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 164,322.00	\$ 166,923.00	\$ 168,114.00	\$ 168,297.00
Township's Contributions as a Percentage of Covered Payroll	15.32%	13.24%	14.39%	12.89%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 21,882.00	\$ 21,118.00	\$ 20,404.00	\$ 18,936.00
Township's Contribution in Relation to the Contractually Required Contribution	(21,882.00)	(21,118.00)	(20,404.00)	(18,936.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 164,326.00	\$ 169,448.00	\$ 159,948.00	\$ 160,972.00
Township's Contributions as a Percentage of Covered Payroll	13.32%	12.46%	12.76%	11.76%

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Eight Plan Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net Pension Liability	0.0037175155%	0.0021109570%	0.0020311005%	0.0042504198%
Township's Proportionate Share of the Net Pension Liability	\$ 480,352.00	\$ 258,335.00	\$ 274,841.00	\$ 656,183.00
State's Proportionate Share of the Net Pension Liability associated with the Township	74,548.00	40,792.00	37,333.00	-
Total	<u>\$ 554,900.00</u>	<u>\$ 299,127.00</u>	<u>\$ 312,174.00</u>	<u>\$ 656,183.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 128,272.00	\$ 111,068.00	\$ 67,384.00	\$ 116,248.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	374.48%	232.59%	407.87%	564.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0020178071%	0.0000000000%	0.0021133516%	0.0048046815%
Township's Proportionate Share of the Net Pension Liability	\$ 385,453.00	\$ -	\$ 265,840.00	\$ 638,340.00
State's Proportionate Share of the Net Pension Liability associated with the Township	32,368.00	-	28,627.00	59,501.00
Total	<u>\$ 417,821.00</u>	<u>\$ -</u>	<u>\$ 294,467.00</u>	<u>\$ 697,841.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 74,892.00	\$ -	\$ 95,868.00	\$ 150,692.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	514.68%	0.00%	277.30%	423.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS) (Last Eight Years)***

	Year Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Contractually Required Contribution	\$ 41,531.00	\$ 21,323.00	\$ 19,857.00	\$ 37,617.00
Township's Contribution in Relation to the Contractually Required Contribution	(41,531.00)	(21,323.00)	(19,857.00)	(37,617.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 179,633.00	\$ 128,272.00	\$ 120,950.00	\$ 87,889.00
Township's Contributions as a Percentage of Covered Payroll	23.12%	16.62%	16.42%	42.80%
	Year Ended December 31,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 16,452.00	\$ -	\$ 16,232.00	\$ 35,032.00
Township's Contribution in Relation to the Contractually Required Contribution	(16,452.00)	-	(16,232.00)	(35,032.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 111,715.00	\$ 90,867.00	\$ 47,662.00	\$ 84,743.00
Township's Contributions as a Percentage of Covered Payroll	14.73%	0.00%	34.06%	41.34%

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Police and Firemen's Retirement System (PFRS)**Changes in Benefit Terms**

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%
2017	6.14%		

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2020 was not available; therefore, the information from the measurement period June 30, 2019 is disclosed below.

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Township contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Plan Description and Benefits Provided (Cont'd) - 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Township was billed monthly by the Plan and paid \$62,501.67 for the year ended December 31, 2019, representing 21.17% of the Township's covered payroll. During the year ended December 31, 2019, retirees were not required to contribute to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Contributions (Cont'd) - The Township does not have a Special Funding Situation within the Plan.

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At December 31, 2019 the Township's proportionate share of the net OPEB liability was \$1,816,935.00.

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Township's proportion was .013413% which was a decrease of .002036% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the Township's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$168,495.00). This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township made contributions to the Plan totaling \$62,501.67.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 531,342.00
Changes of Assumptions	-	643,881.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,497.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	197,064.00	1,041,596.00
Township Contributions Subsequent to the Measurement Date	30,751.32	-
	<u>\$ 229,312.32</u>	<u>\$ 2,216,819.00</u>

\$30,751.32 reported as deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2020.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<u>Year Ending</u> <u>Dec. 31,</u>	
2020	\$ (342,722.00)
2021	(342,722.00)
2022	(342,840.00)
2023	(343,029.00)
2024	(343,203.00)
Thereafter	<u>(303,742.00)</u>
	<u>\$ (2,018,258.00)</u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Years	3.25% to 15.25%

* Salary Increases are Based on Years of Service
Within the Respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) at the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The Township's proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 2,100,839.00</u>	<u>\$ 1,816,935.00</u>	<u>\$ 1,586,225.00</u>

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The Township's proportionate share of the net OPEB Liability as of June 30, 2019, the Plan's measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 1,533,269.00</u>	<u>\$ 1,816,935.00</u>	<u>\$ 2,178,798.00</u>

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the net OPEB Liability (Last Three Plan Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.013413%	0.015449%	0.014297%
Township's Proportionate Share of the Net OPEB Liability	\$ 1,816,935.00	\$ 2,420,336.00	\$ 2,918,845.00
Township's Covered Payroll (Plan Measurement Period)	\$ 293,003.00	\$ 283,815.00	\$ 253,887.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	620.11%	852.79%	1149.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Schedule of the Township's Contributions (Last Three Years)

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 62,501.67	\$ 103,612.92	\$ 109,233.96
Township's Contributions in Relation to the Required Contribution	(62,501.67)	(103,612.92)	(109,233.96)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 295,195.00	\$ 289,064.00	\$ 256,186.00
Township's Contributions as a Percentage of Covered Payroll	21.17%	35.84%	42.64%

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Other Notes to Supplementary OPEB Information****Changes in Benefit Terms**

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS and July 1, 2014 - June 30, 2018 PERS experience studies. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

In 2017, the discount rate changed to 3.58% from 2.85%.

Note 8: COMPENSATED ABSENCES

The Township of New Hanover adopts a resolution annually establishing annual vacation leave and sick leave for hourly paid employees working at least seventy (70) hours per each biweekly pay period. These employees shall be granted annual vacation leave with pay as follows: two and one half hours vacation for each biweekly pay period for the first two years, three and one half hours after the first two years, and four and one half hours after six consecutive years of employment. The Chief/Deputy of Police will earn vacation at a rate of five and one half hours per pay period. The amount of annual vacation leave that can be carried over to the next calendar year is one hundred (100) hours. All hours in excess of one hundred (100) hours shall be forfeited. The maximum cumulative amount of vacation leave that will be paid to an employee upon termination of their employment is one hundred (100) hours. These employees also shall be granted annual sick leave with pay as follows: two and one half hours vacation for each biweekly pay period for the first two years and three hours after the first two years. The maximum cumulative amount of sick leave that will be paid to an employee upon termination of their employment is one hundred (100) hours. The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2020, accrued benefits for compensated absences are valued at \$33,894.89.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 10: CAPITAL DEBT**General Debt - New Jersey Green Acres Loan**

On January 11, 2010, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$107,145.00, at an interest rate of 2.0%. The proceeds were used to fund the Cookstown Village Green project. Semiannual debt payments are due March 14th and September 14th through 2029.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,597.91	\$ 1,064.71	\$ 6,662.62
2022	5,710.43	952.19	6,662.62
2023	5,825.22	837.40	6,662.62
2024	5,942.30	720.32	6,662.62
2025	6,061.74	600.88	6,662.62
2026-2029	<u>25,490.11</u>	<u>1,160.37</u>	<u>26,650.48</u>
Totals	<u>\$ 54,627.71</u>	<u>\$ 5,335.87</u>	<u>\$ 59,963.58</u>

The following schedule represents the Township's summary of debt for the current and two previous years:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	<u>\$ 54,627.71</u>	<u>\$ 60,115.33</u>	<u>\$ 65,494.81</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>-</u>	<u>-</u>	<u>-</u>
Total Issued and Authorized but not Issued	<u>54,627.71</u>	<u>60,115.33</u>	<u>65,494.81</u>
Net Debt	<u>\$ 54,627.71</u>	<u>\$ 60,115.33</u>	<u>\$ 65,494.81</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .059%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General	<u>\$ 54,627.71</u>	<u>\$ -</u>	<u>\$ 54,627.71</u>

Net debt \$54,627.71 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$92,369,456.67, equals .059%.

Note 10: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 3,232,930.98
Less: Net Debt	<u>54,627.71</u>
Remaining Borrowing Power	<u><u>\$ 3,178,303.27</u></u>

Note 11: SCHOOL TAXES

The New Hanover Township Consolidated School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<u>Balance December 31,</u>	
	<u>2020</u>	<u>2019</u>
Balance of Tax	\$ 610,760.95	\$ 834,309.15
Deferred	<u>102,503.00</u>	<u>102,503.00</u>
Taxes Payable	<u><u>\$ 508,257.95</u></u>	<u><u>\$ 731,806.15</u></u>

Note 12: RISK MANAGEMENT

The Township 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.

Joint Insurance Pool - The Township is a member of the Burlington County Insurance Pool Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund. The Fund provides its members with the following coverage:

Public Officials Bonds in excess of amounts statutorily required
Public Employees Dishonesty Bonds
Automobile Liability
Workers' Compensation and Employer's Liability
Commercial Property
General Liability
Public Officials Liability
Employment Practices Liability
Environmental Liability

Contributions to the JIF and MEL, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by each of the fund's actuaries. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

Note 12: RISK MANAGEMENT (CONT'D)**Joint Insurance Pool (Cont'd)**

The Funds publish their own financial reports which can be obtained from:

Burlington County Municipal Joint Insurance Fund
P.O. Box 325
Hammonton, New Jersey 08037

Municipal Excess Liability Joint Insurance Fund
Park 80 West Plaza I
Saddle Brook, New Jersey 07663

Note 13: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amount, if any, to be immaterial.

Note 14: CONCENTRATIONS

The Township depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 15: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Township closed its building operations, with the exception of public safety and public works, for a period in late March 2020 and reopened it to those employees considered essential shortly thereafter. The Township went to an alternative work schedule for those essential departments including payroll, accounts payable, tax collection, finance, as well as certain other departments, with a split schedule half the week on-site and half the week remote work. All essential personnel were provided laptops and VPN service. Public safety and public works remained on an on-site work schedule. Township facilities opened to all employees to work on-site in late 2020 on a full-time basis and reopened to the public in March 2021.

Certain Township revenues did decline during 2020 as compared to 2019 such as municipal court fees and uniform construction code fees.

During the year ended December 31, 2020, the Township was awarded the following by the Federal Government in response to the COVID-19 pandemic:

	<u>CFDA #</u>	<u>Funding Received</u>
Coronavirus Relief Fund (CRF):		
Passed Through NJ Department of Community Affairs:		
Local Government Emergency Fund	20.019	\$ 88,940.16

Note 16: SUBSEQUENT EVENTS

COVID-19 - While the United States awaits to see the full effects that the COVID-19 vaccines provide, there is uncertainty around the duration of time it will take for certain revenues to increase to the levels of prior years.

The Federal American Rescue Plan Act of 2021 (the Act), signed into law on March 11, 2021, was enacted to provide funding for COVID-19 pandemic response and recovery. Among the key elements of the Act is the Coronavirus Local Fiscal Recovery Fund (LFRF). All municipalities and counties will receive LFRF funds in two tranches, with the federal government releasing the second tranche next year. Municipalities and counties with populations greater than 50,000 will receive funds directly from the Federal government. Those municipalities and counties with populations less than 50,000 will receive their funds through their respective State. Since the Township of New Hanover population is less than 50,000, LFRF funds will be pass through the State of New Jersey.

The Township has been allocated \$817,252.07 in LFRF funding with half of it to be received before December 31, 2021 and the other half before December 31, 2022.

The United States Department of Treasury (U.S. Treasury) has issued an Interim Final Rule regulating county and municipal use of LFRF funds. Permitted use of LFRF funds for municipalities and counties may be for the one or more of the following purposes:

- Replacing lost public sector revenue
- Investing in water, sewer, and broadband infrastructure
- Providing premium pay for essential workers
- Supporting public health expenditures
- Addressing COVID-19 related negative economic impacts
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households

For expenditures outside of revenue replacement to be LFRF-eligible under the U.S. Treasury Interim Final Rule, costs must be incurred on or after March 3, 2021 but must be obligated no later than December 31, 2024 to be LFRF-eligible. The "period of performance" will run until December 31, 2026 to allow recipients a reasonable amount of time to complete LFRF-funded projects.

The Township is awaiting on more information to be distributed by federal and state agencies and will then formulate a plan on how the LFRF funds will be spent.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF NEW HANOVER
Statement of Current Cash
Per N.J.S.40A:5-5--CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2020

	<u>Current Fund</u>	
Balance December 31, 2019		\$ 2,589,578.57
Increased by Receipts:		
Taxes Receivable	\$ 1,597,189.44	
Tax Overpayments	4,380.30	
Due to the State of New Jersey--Senior Citizens' and Veterans' Deductions	9,500.00	
Prepaid Taxes	41,368.35	
2020 Budget Appropriation Refunds	114,162.77	
Miscellaneous Revenue Not Anticipated	197,815.16	
Revenue Accounts Receivable	986,652.73	
Due to State of New Jersey:		
Marriage License Fees	575.00	
DCA Fees	508.09	
Interfunds Received:		
Trust Other	736.80	
Received by Current Fund on Behalf of:		
Federal and State Grant Fund	245,360.87	
Public Defender Trust Fund	2,311.50	
POAA Trust Fund	2.00	
Escrow Trust Fund	11,942.50	
General Capital Fund	36,410.40	
Petty Cash	200.00	
	<u>3,249,115.91</u>	
		5,838,694.48
Decreased by Disbursements:		
2020 Appropriations	1,296,080.10	
2019 Appropriation Reserves	58,084.25	
Tax Overpayments	875.17	
Due to the State of New Jersey:		
Marriage License Fees	650.00	
DCA Fees	836.48	
County Taxes	356,477.23	
Consolidated School District Taxes Payable	1,420,533.20	
Petty Cash	200.00	
Refund of Non-budget Revenue	95.00	
Refund of Prior Year Revenue	33,471.39	
Interfunds Disbursed:		
Escrow Trust	11,942.50	
Disbursements Made By Current Fund on Behalf of:		
Federal and State Grant Fund	132,953.39	
General Capital Fund	49,963.82	
Public Defender Trust	4,800.00	
MLETA Trust Fund	4,500.00	
	<u>3,371,462.53</u>	
Balance December 31, 2020		<u><u>\$ 2,467,231.95</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Change Funds
For the Year Ended December 31, 2020

<u>Office</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Municipal Court	<u>\$ 200.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200.00</u>

Exhibit SA-3

CURRENT FUND
Statement of Petty Cash
For the Year Ended December 31, 2020

<u>Office</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Clerk	<u>\$ -</u>	<u>\$ 200.00</u>	<u>\$ 200.00</u>	<u>\$ -</u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2020

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>2020 Levy</u>	<u>C o l l e c t i o n s</u>		<u>Due from</u> <u>State of</u> <u>New Jersey</u>	<u>Canceled/</u> <u>Appeals</u>	<u>Transferred</u> <u>To Liens</u>	<u>Overpayments</u> <u>Applied</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
			<u>2019</u>	<u>2020</u>					
Arrears \$	4,835.17								\$ 4,835.17
2019	52,579.53			\$ 52,579.53					
	57,414.70			52,579.53					4,835.17
2020		\$ 1,625,580.48	\$ 28,030.22	1,544,609.91	\$ 9,750.00	\$ 865.83	\$ 6,242.50	\$ 683.88	35,398.14
	\$ 57,414.70	\$ 1,625,580.48	\$ 28,030.22	\$ 1,597,189.44	\$ 9,750.00	\$ 865.83	\$ 6,242.50	\$ 683.88	\$ 40,233.31

Analysis of 2020 Property Taxes

Tax Yield

General Purpose Tax	\$ 1,615,381.81	
Added Taxes (54:4-63.1 Et. Seq.)	9,649.15	
Miscellaneous Added Taxes	549.52	
	<u>\$ 1,625,580.48</u>	

Tax Levy

Consolidated District School Tax	\$ 1,196,985.00	
County Taxes:		
County Tax	\$ 310,772.15	
County Library Tax	27,620.37	
County Open Space Tax	18,084.71	
Total County Taxes		356,477.23
Due County for Added and Omitted Taxes		2,182.31
Local Tax for Municipal Purposes	61,919.58	
Add Additional Tax Levied	8,016.36	
		<u>69,935.94</u>
Local Tax for Municipal Purposes Levied		<u>\$ 1,625,580.48</u>

TOWNSHIP OF NEW HANOVER

CURRENT FUND

Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions
For the Year Ended December 31, 2020

Balance December 31, 2019		\$	260.00
Increased by:			
2020 Taxes			
Senior Citizens' and Veterans' Deductions per Tax Billing	\$	9,500.00	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>250.00</u>	
			<u>9,750.00</u>
			10,010.00
Decreased by:			
Collections			<u>9,500.00</u>
Balance December 31, 2020		\$	<u><u>510.00</u></u>

Exhibit SA-6

CURRENT FUND

Statement of Tax Overpayments
For the Year Ended December 31, 2020

Balance December 31, 2019		\$	10,732.92
Increased by:			
Overpayments Created:			
Miscellaneous Added Tax Overpayments	\$	683.88	
2020 Taxes		<u>4,380.30</u>	
			<u>5,064.18</u>
			15,797.10
Decreased by:			
Overpayments Applied:			
2020 Taxes		683.88	
Refunded		<u>875.17</u>	
			<u>1,559.05</u>
Balance December 31, 2020		\$	<u><u>14,238.05</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2020

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Accrued in</u> <u>2020</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Miscellaneous Revenue:				
Municipal Court--Fines and Costs	\$ 3,204.75	\$ 28,271.50	\$ 29,362.53	\$ 2,113.72
Interest on Investments and Deposits		38,068.79	38,068.79	
Consolidated Municipal Property Tax Relief		837,107.00	837,107.00	
Energy Receipts PL 97 Ch 162/6		56,457.00	56,457.00	
Uniform Construction Code Fees		6,344.91	6,344.91	
Interlocal Service Agreement - Wrightstown Municipal Court		19,312.50	19,312.50	
	<u>\$ 3,204.75</u>	<u>\$ 985,561.70</u>	<u>\$ 986,652.73</u>	<u>\$ 2,113.72</u>
Received			<u>\$ 986,652.73</u>	

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 255,516.82
Increased by:	
Transferred from Taxes	<u>6,242.50</u>
Balance December 31, 2020	<u><u>\$ 261,759.32</u></u>

Exhibit SA-9

CURRENT FUND
Statement of Due to State of New Jersey--Marriage License Fees
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 125.00
Increased by:	
State Marriage License Fees Collected	<u>575.00</u>
	700.00
Decreased by:	
Payments	<u>650.00</u>
Balance December 31, 2020	<u><u>\$ 50.00</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2020

Balance December 31, 2019 (2020 Taxes)	\$ 28,030.22
Increased by:	
Collection of 2021 Taxes	<u>41,368.35</u>
	69,398.57
Decreased by:	
Application to 2020 Taxes Receivable	<u>28,030.22</u>
Balance December 31, 2020 (2021 Taxes)	<u><u>\$ 41,368.35</u></u>

Exhibit SA-11

CURRENT FUND
Statement of Due County for Added and Omitted Taxes
For the Year Ended December 31, 2020

Increased by:		
2019 Omitted Assessments	\$ 1,108.66	
2020 Added Assessments	<u>1,073.65</u>	
		<u>\$ 2,182.31</u>
Balance December 31, 2020		<u><u>\$ 2,182.31</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of 2019 Appropriation Reserves
For the Year Ended December 31, 2020

	Balance, Dec. 31, 2019		Balance After Modification	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
<u>Within "CAPS"</u>					
<u>General Government</u>					
Administrative and Executive					
Salaries and Wages		\$ 15,000.00	\$ 15,000.00		\$ 15,000.00
Other Expenses		3,401.14	3,401.14	\$ 526.14	2,875.00
Mayor and Committee					
Salaries and Wages		957.57	957.57		957.57
Other Expenses		3,307.00	3,307.00		3,307.00
Municipal Clerk					
Salaries and Wages		5,417.12	5,417.12		5,417.12
Other Expenses	\$ 49.70	3,444.35	3,494.05	464.91	3,029.14
Financial Administration					
Other Expenses		5,491.92	5,491.92		5,491.92
Audit Services					
Other Expenses		1,000.00	1,000.00		1,000.00
Revenue Administration (Tax Collector)					
Salaries and Wages		1,389.04	1,389.04		1,389.04
Other Expenses		2,814.74	2,814.74		2,814.74
Salaries and Wages		3,000.00	3,000.00		3,000.00
Other Expenses	185.00	1,022.75	1,207.75	216.96	990.79
Reassessment		10,000.00	10,000.00		10,000.00
Legal Services and Costs					
Salaries and Wages		3,000.00	3,000.00		3,000.00
Other Expenses		27,505.00	27,505.00	6,123.00	21,382.00
Engineering Services and Costs					
Other Expenses		854.28	854.28	797.50	56.78
Economic Development					
Other Expenses		2,000.00	2,000.00		2,000.00
Land Use Administration					
Land Development Board					
Salaries and Wages		559.50	559.50		559.50
Other Expenses		11,041.70	11,041.70		11,041.70
Insurance					
General Liability Insurance		587.75	587.75		587.75
Workers Compensation		3,702.00	3,702.00		3,702.00
Group Insurance Plan for Employees		41,097.66	41,097.66	14,724.54	26,373.12
<u>Public Safety</u>					
Police					
Salaries and Wages		2,192.96	2,192.96		2,192.96
Other Expenses	647.93	27,389.42	28,037.35	2,829.20	25,208.15
Office of Emergency Management					
Salaries and Wages		3,318.74	3,318.74		3,318.74
Other Expenses		1,750.00	1,750.00		1,750.00
Aid to Volunteer Ambulance Company		1,000.00	1,000.00		1,000.00
Aid to Fire Department		5,000.00	5,000.00		5,000.00
Municipal Prosecutor					
Other Expenses		2,400.00	2,400.00		2,400.00

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of 2019 Appropriation Reserves
For the Year Ended December 31, 2020

	Balance, Dec. 31, 2019		Balance After Modification	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
<u>Within "CAPS" (CONT'D)</u>					
<u>Public Works</u>					
Road Repairs and Maintenance					
Salaries and Wages		\$ 1,258.66	\$ 1,258.66		\$ 1,258.66
Other Expenses	\$ 1,000.00	430.96	1,430.96		1,430.96
Other Public Works Functions					
Salaries and Wages		1,500.00	1,500.00		1,500.00
Other Expenses		2,511.10	2,511.10		2,511.10
Solid Waste Collections					
Salaries and Wages		750.00	750.00		750.00
Other Expenses		4,239.06	4,239.06	\$ 253.29	3,985.77
Public Buildings and Grounds					
Salaries and Wages		858.00	858.00		858.00
Other Expenses	709.78	6,753.43	7,463.21	7,206.49	256.72
Vehicle Maintenance					
Other Expenses		5,684.31	5,684.31	3,208.49	2,475.82
<u>Health and Human Services</u>					
Public Health Services					
Salaries and Wages		2,000.00	2,000.00		2,000.00
Other Expenses		1,477.65	1,477.65	149.50	1,328.15
Animal Control					
Other Expenses		1,200.00	1,200.00		1,200.00
<u>Parks and Recreation</u>					
Recreation					
Salaries and Wages		500.00	500.00		500.00
Other Expenses	605.93	1,984.69	2,590.62	681.95	1,908.67
Maintenance of Parks					
Other Expenses		4,550.22	4,550.22		4,550.22
Celebration of Public Events					
Other Expenses		262.27	262.27		262.27
<u>Other Functions</u>					
Municipal Court					
Salaries and Wages		8,065.03	8,065.03		8,065.03
Other Expenses		28.24	28.24	25.20	3.04
Public Defender					
Other Expenses		2,550.00	2,550.00		2,550.00
<u>Appropriations Offset with Dedicated Revenues</u>					
Code Enforcement					
Other Expenses	175.00	3,489.06	3,664.06	179.08	3,484.98
<u>Unclassified</u>					
Electricity		14,811.28	14,811.28	1,459.84	13,351.44
Street Lighting		13,633.97	13,633.97	1,005.21	12,628.76
Telephone		2,331.63	2,331.63	124.66	2,206.97
Natural Gas		1,973.48	1,973.48	1,885.10	88.38
Telecommunication Costs	325.00	4,169.58	4,494.58	903.19	3,591.39
Sewerage Processing		4,500.00	4,500.00		4,500.00
Gasoline		9,217.30	9,217.30		9,217.30
Reserve for Tax Appeals		30,000.00	30,000.00		30,000.00
Garbage and Trash Removal					
Contractual		16,804.00	16,804.00	15,320.00	1,484.00

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of 2019 Appropriation Reserves
For the Year Ended December 31, 2020

	Balance, Dec. 31, 2019		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
<u>Within "CAPS" (CONT'D)</u>					
Statutory Expenditures:					
Contribution to					
Social Security System (O.A.S.I.)		\$ 1,240.60	\$ 1,240.60		\$ 1,240.60
Police and Firemen's Retirement System of N.J.		17,770.15	17,770.15		17,770.15
Unemployment Insurance		247.54	247.54		247.54
	<u>\$ 3,698.34</u>	<u>\$ 358,038.75</u>	<u>\$ 361,737.09</u>	<u>\$ 58,084.25</u>	<u>\$ 303,652.84</u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Due to Consolidated School District
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 74,263.00
Increased by:	
Charge to 2020 Budget	<u>7,334.00</u>
Balance December 31, 2020	<u><u>\$ 81,597.00</u></u>

Exhibit SA-14

CURRENT FUND
Statement of Due to State of New Jersey--DCA Fees
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 328.39
Increased by:	
DCA Fees Collected	<u>508.09</u>
	836.48
Decreased by:	
Payments	<u>836.48</u>
Balance December 31, 2020	<u><u>\$ -</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2020

Increased by:

2020 Levy:

County Tax	\$ 310,772.15	
County Library Tax	27,620.37	
County Open Space Tax	<u>18,084.71</u>	
		\$ 356,477.23

Decreased by:

Payments		<u>\$ 356,477.23</u>
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CURRENT FUND
Statement of Consolidated District School Tax Payable
For the Year Ended December 31, 2020

Balance December 31, 2019

School Tax Payable	\$ 731,806.15	
School Tax Deferred	<u>102,503.00</u>	
		\$ 834,309.15

Increased by:

Levy--School Year July 1, 2020 to June 20, 2021		<u>1,196,985.00</u>
		2,031,294.15

Decreased by:

Payments		<u>1,420,533.20</u>
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Balance December 31, 2020

School Tax Payable	508,257.95	
School Tax Deferred	<u>102,503.00</u>	
		<u>\$ 610,760.95</u>

2020 Liability for Consolidated District School Taxes:

Tax Paid	\$ 1,420,533.20
Add: Tax Payable December 31, 2020	<u>508,257.95</u>

1,928,791.15

Less: Tax Payable December 31, 2019

731,806.15

Amount Charged to Operations

\$ 1,196,985.00

TOWNSHIP OF NEW HANOVER
FEDERAL AND STATE GRANT FUND
Statement of Due From Current Fund
For the Year Ended December 31, 2020

Balance December 31, 2019			\$	45,933.74
Increased by:				
Local Match for Grants Appropriated in the Current Fund Budget			\$	44,826.75
Receipts Collected by Current Fund On-behalf of Federal and State Grant Fund:				
Federal and State Grants Receivable	\$	210,513.00		
Reserve for Federal and State Grants Fund - Unappropriated		<u>34,847.87</u>		
				<u>245,360.87</u>
				<u>290,187.62</u>
				336,121.36
Decreased by:				
Disbursements Made by Current Fund On-behalf of Federal and State Grant Fund				<u>132,953.39</u>
Balance December 31, 2020			\$	<u><u>203,167.97</u></u>

TOWNSHIP OF NEW HANOVER
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2020

<u>Program</u>	<u>Balance Dec. 31, 2019</u>	<u>Realized as Miscellaneous Revenue in 2020 Budget</u>	<u>Received</u>	<u>Balance Dec. 31, 2020</u>
Federal Grants:				
Click It Or Tickets		\$ 5,500.00	\$ 5,500.00	
Community Development Block Grant	\$ 78,000.00		36,613.00	\$ 41,387.00
Drive Sober or Get Pulled Over		11,000.00	11,000.00	
USDA Rural Development Grant	24,200.00	68,769.00	24,200.00	68,769.00
Total Federal Grants	102,200.00	85,269.00	77,313.00	110,156.00
State Grants:				
Body Armor Replacement Fund		773.00	773.00	
Clean Communities Grant		6,761.88	6,761.88	
Drunk Driving Enforcement Grant		7,595.65	7,595.65	
New Jersey Department of Transportation	161,938.15			161,938.15
Recycling Tonnage Grant		2,314.36	2,314.36	
Safe and Secure Neighborhood Program		37,500.00	37,500.00	
Total State Grants	161,938.15	54,944.89	54,944.89	161,938.15
Local Grants:				
Burlington County Parks Grant	150,000.00		149,700.00	300.00
Municipal Park Development Program	36,186.20			36,186.20
Total Local Grants	186,186.20	-	149,700.00	36,486.20
Grand Total	<u>\$ 450,324.35</u>	<u>\$ 140,213.89</u>	<u>\$ 281,957.89</u>	<u>\$ 308,580.35</u>
Original Budget		\$ 71,444.89		
Appropriation by 40A:4-87		68,769.00		
Cash Received			\$ 210,513.00	
Transferred from Unappropriated Grant Reserve			71,444.89	
		<u>\$ 140,213.89</u>	<u>\$ 281,957.89</u>	

TOWNSHIP OF NEW HANOVER
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants--Unappropriated
For the Year Ended December 31, 2020

	Balance <u>Dec. 31, 2019</u>	Realized as Miscellaneous Revenue in <u>2020 Budget</u>	<u>Received</u>	Balance <u>Dec. 31, 2020</u>
Federal Grants:				
Click it or Ticket	\$ 5,500.00	\$ 5,500.00		
Drive Sober or Get Pulled Over	<u>11,000.00</u>	<u>11,000.00</u>	\$ 5,500.00	<u>\$ 5,500.00</u>
Total Federal Grants	<u>16,500.00</u>	<u>16,500.00</u>	<u>5,500.00</u>	<u>5,500.00</u>
State Grants:				
Body Armor Replacement Grant	773.00	773.00	751.80	751.80
Clean Communities Grant	6,761.88	6,761.88	6,096.07	6,096.07
Drunk Driving Enforcement Grant	7,595.65	7,595.65		
Recycling Tonnage Grant	2,314.36	2,314.36		
Safe and Secure Neighborhood Program	<u>37,500.00</u>	<u>37,500.00</u>	22,500.00	<u>22,500.00</u>
Total State Grants	<u>54,944.89</u>	<u>54,944.89</u>	<u>29,347.87</u>	<u>29,347.87</u>
	<u>\$ 71,444.89</u>	<u>\$ 71,444.89</u>	<u>\$ 34,847.87</u>	<u>\$ 34,847.87</u>

TOWNSHIP OF NEW HANOVER
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants--Appropriated
For the Year Ended December 31, 2020

<u>Program</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Budget Appropriation</u>	<u>Paid or Charged</u>	<u>Balance Dec. 31, 2020</u>
Federal Grants:				
Bullet Proof Partnership Grant	\$ 0.75			\$ 0.75
Click It Or Ticket		\$ 5,500.00	\$ 5,500.00	
Community Development Block Grant	45,048.30			45,048.30
Drive Sober or Get Pulled Over	8,590.00	11,000.00	19,590.00	
USDA Rural Development Grant	916.07	68,769.00	7,080.08	62,604.99
USDA Rural Development Grant - Local Match		44,826.75		44,826.75
Total Federal Grants	54,555.12	130,095.75	32,170.08	152,480.79
State Grants:				
Body Armor Replacement Grant	1,013.86	773.00		1,786.86
Clean Communities Grant	6,941.18	6,761.88	6,870.71	6,832.35
Drunk Driving Enforcement Fund		7,595.65	815.92	6,779.73
New Jersey Department of Transportation Grant	112,180.39		2,286.84	109,893.55
Recycling Tonnage Grant	28,337.34	2,314.36	8,309.84	22,341.86
Safe and Secure Neighborhood Program	45,000.00	37,500.00	82,500.00	
Stormwater Management Grant	3,300.00			3,300.00
Total State Grants	196,772.77	54,944.89	100,783.31	150,934.35
Local Grants:				
Burlington County Parks Grant	130,637.50			130,637.50
Burlington County Planning Grant	347.51			347.51
Delaware Valley Regional Planning	0.56			0.56
Municipal Park Development Program	40,249.74			40,249.74
Police Private Donations	2,250.00			2,250.00
Total Local Grants	173,485.31			173,485.31
	<u>\$ 424,813.20</u>	<u>\$ 185,040.64</u>	<u>\$ 132,953.39</u>	<u>\$ 476,900.45</u>
Disbursed by the Current Fund			\$ 132,953.39	
Original Budget		\$ 116,271.64		
Appropriation by 40A:4-87		68,769.00		
		<u>\$ 185,040.64</u>	<u>\$ 132,953.39</u>	

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF NEW HANOVER
Statement of Trust Cash
For the Year Ended December 31, 2020

	<u>Animal Control Fund</u>	<u>Trust Other Fund</u>
Balance December 31, 2019	\$ 1,976.22	\$ 314,686.25
Increased by Receipts:		
Reserve for Animal Control Fund Expenditures	\$ 436.20	
Due State of NJ Department of Health	55.80	
Due to Current Fund	17.37	\$ 15,391.35
Other Reserves:		
Reserve for MLETA		45.24
Reserve for Affordable Housing		626.56
Reserve for Municipal Alliance Program		63.69
Net Payroll		426,930.98
Reserve for Payroll Deductions Payable		198,860.27
	<u>509.37</u>	<u>641,918.09</u>
	2,485.59	956,604.34
Decreased by Disbursements:		
Due State of NJ Department of Health	55.80	
Due to Current Fund	225.37	4,185.65
Other Reserves:		
Reserve for Developers' Escrow Deposits		74,084.43
Reserve for Affordable Housing		75.00
Net Payroll		426,930.98
Reserve for Payroll Deductions Payable		227,795.06
	<u>281.17</u>	<u>733,071.12</u>
Balance December 31, 2020	<u><u>\$ 2,204.42</u></u>	<u><u>\$ 223,533.22</u></u>

TOWNSHIP OF NEW HANOVER
ANIMAL CONTROL FUND
Statement of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 869.84
Increased by:	
Dog License Fees Collected	<u>436.20</u>
	1,306.04
Decreased by:	
Statutory Excess--Due Current Fund	<u>641.80</u>
Balance December 31, 2020	<u><u>\$ 664.24</u></u>
<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2018	\$ 349.24
2019	<u>315.00</u>
	<u><u>\$ 664.24</u></u>

TOWNSHIP OF NEW HANOVER
ANIMAL CONTROL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 1,106.38
Increased by:		
Statutory Excess	\$ 641.80	
Receipts:		
Interest	<u>17.37</u>	<u>659.17</u>
		1,765.55
Decreased by:		
Disbursements:		
Disbursed on Behalf of Current Fund	208.00	
Interest Earned Transferred to Current Fund	<u>17.37</u>	<u>225.37</u>
		225.37
Balance December 31, 2020		<u><u>\$ 1,540.18</u></u>

Exhibit SB-4

TRUST OTHER FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 35,726.82
Increased by:		
Disbursed by Current Fund On-Behalf of Trust Other Fund	\$ 9,300.00	
Interfunds Received	11,942.50	
Interest Earnings	<u>3,448.85</u>	<u>24,691.35</u>
		60,418.17
Decreased by:		
Disbursements:		
Interfund Loans Returned	736.80	
Current Year Interest Turn Over to Due Current	<u>3,448.85</u>	
	4,185.65	
Refunds of Appropriations - Payroll	28,934.79	
Collections Made By Current Fund On-Behalf of Trust Other Fund	<u>14,256.00</u>	<u>47,376.44</u>
		47,376.44
Balance December 31, 2020		<u><u>\$ 13,041.73</u></u>
<u>Analysis of Balance - Due to / (Due From)</u>		
Payroll		\$ 14,332.65
Escrow		888.73
Affordable Housing		(775.94)
Public Defender		(6,318.00)
POAA		(30.18)
Municipal Alliance		(141.08)
MLETA		5,123.55
Fire Fines		<u>(38.00)</u>
		<u><u>\$ 13,041.73</u></u>

TOWNSHIP OF NEW HANOVER
TRUST OTHER FUND
Statement of Trust Other Reserves
For the Year Ended December 31, 2020

	Increased					Decreased		
	Receipts							
<u>Reserve</u>	Balance <u>Dec. 31, 2019</u>	<u>Other</u>	Interest <u>Earnings</u>	Due from <u>Current Fund</u>	Collected in <u>Current Fund</u>	<u>Disbursements</u>	Disbursed by <u>Current Fund</u>	Balance <u>Dec. 31, 2020</u>
Reserve for Developers' Escrow Deposits	\$ 177,160.61				\$ 11,942.50	\$ 74,084.43		\$ 115,018.68
Reserve for Public Defender	8,254.50				2,311.50		\$ 4,800.00	5,766.00
Reserve for POAA	28.18				2.00			30.18
Reserve for MLETA	5,362.64		\$ 45.24				4,500.00	907.88
Reserve for Fire Safety	38.00							38.00
Reserve for Affordable Housing	83,705.57		626.56			75.00		84,257.13
Reserve for Municipal Alliance Program	8,569.62		63.69					8,633.31
Reserve for Net Payroll		\$ 426,930.98				426,930.98		
Reserve for Payroll Deductions Payable		198,860.27		\$ 28,934.79		227,795.06		
	<u>\$ 283,119.12</u>	<u>\$ 625,791.25</u>	<u>\$ 735.49</u>	<u>\$ 28,934.79</u>	<u>\$ 14,256.00</u>	<u>\$ 728,885.47</u>	<u>\$ 9,300.00</u>	<u>\$ 214,651.18</u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of General Capital Cash
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 2,535,490.07
Increased by Receipts:	
Interest Earned	<u>19,016.17</u>
	2,554,506.24
Decreased by Disbursements:	
Due Current Fund	<u>19,016.17</u>
Balance December 31, 2020	<u><u>\$ 2,535,490.07</u></u>

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
 Analysis of Cash
 For the Year Ended December 31, 2020

		<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>		
	Balance <u>Dec. 31, 2019</u>	<u>Miscellaneous</u>	<u>Miscellaneous</u>	<u>From</u>	<u>To</u>	Balance <u>Dec. 31, 2020</u>
Capital Improvement Fund	\$ 1,438,892.11					\$ 1,438,892.11
Fund Balance	63.67					63.67
Farmland Preservation Fund	800,000.00					800,000.00
Due to Current Fund	74,993.49	\$ 19,016.17	\$ 19,016.17	\$ 36,410.40	\$ 49,963.82	88,546.91
Reserve for Encumbrances					450.10	450.10
Renovations to Township Owned Property	36,300.00					36,300.00
Improvement Authorizations:						
12-4/16-2 Nash Park & General Godfrey House Construction	31,908.13			2,452.30		29,455.83
13-2 Improvements to Municipal Property	24,199.44			23,661.62	12,110.40	12,648.22
13-4 Demolition of a Building	46,745.20					46,745.20
14-2 Purchase of a Four Wheeled Vehicle	13,193.35					13,193.35
15-1 Improvements to Municipal Roads and Drainage	58,678.00					58,678.00
18-9 Replacement of Required Firefighting and Protective Equipment	10,516.68					10,516.68
	<u>\$ 2,535,490.07</u>	<u>\$ 19,016.17</u>	<u>\$ 19,016.17</u>	<u>\$ 62,524.32</u>	<u>\$ 62,524.32</u>	<u>\$ 2,535,490.07</u>

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation--Funded
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 60,115.33
Decreased by:	
Payment of Green Acres Loan	<u>5,487.62</u>
Balance December 31, 2020	<u><u>\$ 54,627.71</u></u>

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2020

Ordinance		<u>Ordinance</u>		<u>Balance Dec. 31, 2019</u>		<u>Balance Dec. 31, 2020</u>		
<u>Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>	<u>Expended</u>	<u>Funded</u>	<u>Unfunded</u>
General Improvements:								
12-4/16-2	Nash Park & General Godfrey House Construction	06/12/12	\$ 225,000.00	\$ 31,908.13		\$ 2,452.30	\$ 29,455.83	
13-2	Improvements to Municipal Property	08/14/13	100,000.00	24,199.44		11,551.22	12,648.22	
13-4	Demolition of a Building	09/10/13	200,000.00	46,745.20			46,745.20	
14-2	Purchase of Four Wheeled Vehicle	06/10/14	50,000.00	13,193.35			13,193.35	
15-1	Improvements to Municipal Roads and Drainage	10/14/15	75,000.00	58,678.00			58,678.00	
18-9	Replacement of Required Firefighting and Protective Equipment	12/11/18	45,000.00	10,516.68			10,516.68	
				<u>\$ 185,240.80</u>	<u>\$ -</u>	<u>\$ 14,003.52</u>	<u>\$ 171,237.28</u>	<u>\$ -</u>
Refunds Collected by Current Fund On-behalf of General Capital Fund						\$ (36,410.40)		
Reserve for Encumbrances						450.10		
Disbursed by Current Fund On-behalf of General Capital Fund						<u>49,963.82</u>		
						<u>\$ 14,003.52</u>		

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of Green Acres Loan Payable
For the Year Ended December 31, 2020

<u>Purpose</u>		Original <u>Issue</u>	Maturities of Loans Outstanding December 31, 2020		Interest <u>Rate</u>	Balance <u>Dec. 31, 2019</u>	Paid By Budget <u>Appropriation</u>	Balance <u>Dec. 31, 2020</u>
			<u>Date</u>	<u>Amount</u>				
Cookstown Village	01-14-10	\$ 107,145.00	3-14-21	\$ 2,785.03	2.00%			
			9-14-21	2,812.88	2.00%			
			3-14-22	2,841.01	2.00%			
			9-14-22	2,869.42	2.00%			
			3-14-23	2,898.12	2.00%			
			9-14-23	2,927.10	2.00%			
			3-14-24	2,956.37	2.00%			
			9-14-24	2,985.93	2.00%			
			3-14-25	3,015.79	2.00%			
			9-14-25	3,045.95	2.00%			
			3-14-26	3,076.41	2.00%			
			9-14-26	3,107.17	2.00%			
			3-14-27	3,138.24	2.00%			
			9-14-27	3,169.63	2.00%			
			3-14-28	3,201.32	2.00%			
			9-14-28	3,233.34	2.00%			
			3-14-29	3,265.67	2.00%			
			9-14-29	3,298.33	2.00%			
						<u>\$ 60,115.33</u>	<u>\$ 5,487.62</u>	<u>\$ 54,627.71</u>

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2020

Balance December 31, 2019		\$	74,993.49
Increased by:			
Interest Earnings	\$	19,016.17	
Payments of Improvement Authorizations Made by Current Fund			
On-behalf of General Capital Fund		<u>49,963.82</u>	
			<u>68,979.99</u>
			143,973.48
Decreased by:			
Refunds to Improvement Authorizations Collected by Current Fund			
On-behalf of General Capital Fund		36,410.40	
Current Year Interest Earnings Turned Over to Current Fund		<u>19,016.17</u>	
			<u>55,426.57</u>
Balance December 31, 2020		\$	<u><u>88,546.91</u></u>

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOWNSHIP OF NEW HANOVER
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

Finding No. 2020-001 (Bank Account Reconciliation's)

Criteria or Specific Requirement

A strong internal control system should include reconciling bank accounts promptly to detect errors or irregularities.

Condition

The Township did not prepare formal monthly bank reconciliations, in a timely manner, for the Green Acres, Payroll, Animal Control, Developers Escrow, Municipal Alliance, Police Forfeiture, and Affordable Housing bank accounts during 2020.

Context

The Green Acres, Animal Control, Developers Escrow, Municipal Alliance, Police Forfeiture, and Affordable Housing bank accounts did not have formal bank reconciliations prepared, however, they have limited activity in them and there were no reconciling items related to the bank reconciliation. The Payroll bank account was reconciled at the end of the year by the CFO.

Effect or Potential Effect

Errors or irregularities could develop and not be detected in a timely manner.

Cause

Failure of the CFO to reconcile the bank accounts in a timely manner.

Recommendation

That the Township perform formal bank reconciliation's in a timely manner at the end of each month.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF NEW HANOVER
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-002 (Maintenance of Accounting Records)

Criteria or Specific Requirement

A strong internal control system should include maintaining the financial records timely, including posting the detailed transactional activity to prevent and detect errors or irregularities.

Condition

- a. For 2020, the Township posted cash receipts for the Current Fund to an excel spreadsheet and posted only monthly totals to the Edmunds computer system. An excel spreadsheet is not a permanent financial record; it was lost at the end of the year and had to be recreated by the CFO.
- b. The Township did not post certain transactions for the Current Fund Payroll, Federal and State Grant Fund, and Animal Control Fund to the Edmunds Computer System in a timely manner during 2020.

Context

If a fund had a check disbursed for it or a receipt deposited directly to it, those transactions were posted to the Edmunds Computer System throughout the year; however, any other transactions within these funds were not posted until November and December of 2020.

Effect or Potential Effect

Errors or irregularities could develop and not be detected in a timely manner.

Cause

Failure of the CFO to maintain the accounting records in a timely manner.

Recommendation

That the CFO post each funds' transactional activity, in detail, to the respective funds' accounting records in a timely manner.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF NEW HANOVER
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-003 (Annual Uniform Construction Code Report)

Criteria or Specific Requirement

A municipality is required to file an annual Uniform Construction Code (UCC) Report by February 10th of the succeeding calendar year with the State of New Jersey, Department of Community Affairs, Division of Codes and Standards.

Condition

The Township did not file its annual UCC Report for 2020 until September 1, 2021.

Context

Not Applicable.

Effect or Potential Effect

Non-compliance with State regulation.

Cause

The Township's Uniform Construction Code Officer retired at the end of 2020 and an interlocal service agreement was created with another municipality, however, the filing of the 2020 UCC Report was overlooked and not filed by the due date.

Recommendation

That the Township file its Uniform Construction Code Report with the State of New Jersey, Department of Community Affairs, Division of Codes and Standards by the February 10th due date.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF NEW HANOVER
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINANCIAL STATEMENT FINDINGS

Finding No. 2019-001

Condition

There is a lack of internal controls over the disbursing of Township funds.

Current Status

This condition has been resolved.

TOWNSHIP OF NEW HANOVER
 Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Paul Peterla	Mayor	\$1,000,000.00(C)
Rick Koshak	Deputy Mayor	1,000,000.00(C)
Patrick Murphy	Committeeman	1,000,000.00(C)
Dennis Roohr	Committeeman	1,000,000.00(C)
Nicholas Pawlyzyn	Committeeman	1,000,000.00(C)
Donna Mull	Township Administrator, Purchasing Agent, Township Clerk	12,500.00(A)
Adelaide Gianaris	Deputy Township Clerk	1,000,000.00(C)
Lynn Davis	Collector and Tax Search Officer	75,000.00(A)
Terry Henry	Chief Financial Officer	50,000.00(A)
Lois Downey	Magistrate	30,000.00(B)
Theresa Nichols	Court Administrator and Violations Clerk	30,000.00(B)
Ruth Ann Bice	Deputy Court Administrator	5,000.00(B)
Alan Wilkins	Construction Official	
Maureen Francis	Assessor	
Malamut & Associates	Solicitor	
Environmental Resolutions	Engineer	

(A) Western Surety Company

(B) Western Surety Company – Position Bond for Municipal Court Personnel

(C) Public Officials & Employment Practices Liability

APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read "R.P. Z", with a stylized flourish at the end.

Robert P. Nehila, Jr.
Certified Public Accountant
Registered Municipal Accountant

