

TOWNSHIP OF NEW HANOVER

COUNTY OF BURLINGTON

REPORT OF AUDIT

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



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TOWNSHIP OF NEW HANOVER

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018 and 2017, 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, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 14). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Other Matters*Other Information*

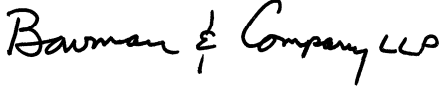
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional 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 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 August 2, 2019 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,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
August 2, 2019

**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, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 2, 2019. 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. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting pronouncement.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

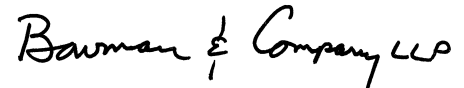
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 Township'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
August 2, 2019

TOWNSHIP OF NEW HANOVER

CURRENT FUND

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

As of December 31, 2018 and 2017

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Cash--Treasurer	SA-1	\$ 2,284,854.97	\$ 2,232,796.35
Change Funds	SA-2	200.00	200.00
Due State of New Jersey Senior Citizens' and Veterans' Deductions	SA-5	760.00	260.00
		<u>2,285,814.97</u>	<u>2,233,256.35</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-4	24,367.41	31,488.44
Tax Title Liens Receivable	SA-8	249,356.82	236,561.82
Revenue Accounts Receivable	SA-7	3,602.66	4,361.28
Due from Trust--Animal Control Fund	SB-3	524.28	545.45
Due from Trust--Other Funds	SB-4	41,707.25	25,302.73
Due from General Capital Fund	SC-6	662,321.49	529,288.45
		<u>981,879.91</u>	<u>827,548.17</u>
		<u>3,267,694.88</u>	<u>3,060,804.52</u>
Federal and State Grant Fund:			
Due from Current Fund	SA-20	172,624.05	137,341.47
Federal and State Grants Receivable	SA-17	636,659.20	406,186.20
		<u>809,283.25</u>	<u>543,527.67</u>
		<u>\$ 4,076,978.13</u>	<u>\$ 3,604,332.19</u>

(Continued)

TOWNSHIP OF NEW HANOVER

CURRENT FUND

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

As of December 31, 2018 and 2017

**LIABILITIES, RESERVES
AND FUND BALANCE**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3 & SA-12	\$ 386,230.03	\$ 450,224.28
Reserve for Encumbrances	A-3 & SA-12	1,132.44	19,330.07
Due from Federal and State Grant Fund	SA-20	172,624.05	137,341.47
Due to Consolidated School District	SA-13	66,465.00	58,667.00
Due to State of New Jersey--Marriage Licenses	SA-9	225.00	150.00
Due to State of New Jersey--DCA Fees	SA-14	246.80	261.66
Prepaid Taxes	SA-10	33,589.11	35,009.57
Tax Overpayments	SA-6	10,732.92	17,272.62
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	1,493.12	7,536.85
Consolidated School District Tax Payable	SA-16	739,532.03	537,859.50
		<hr/>	<hr/>
		1,469,278.50	1,320,661.02
Reserve for Receivables and Other Assets	A	981,879.91	827,548.17
Fund Balance	A-1	816,536.47	912,595.33
		<hr/>	<hr/>
		3,267,694.88	3,060,804.52
Federal and State Grant Fund:			
Reserve for Federal and State Grants:			
Unappropriated	SA-18	32,834.96	31,372.36
Appropriated	SA-19	776,448.29	512,155.31
		<hr/>	<hr/>
		809,283.25	543,527.67
		<hr/>	<hr/>
		\$ 4,076,978.13	\$ 3,604,332.19
		<hr/>	<hr/>

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, 2018 and 2017

<u>Revenue and Other</u>		
<u>Income Realized</u>	<u>2018</u>	<u>2017</u>
Fund Balance Utilized	\$ 618,202.00	\$ 618,500.00
Miscellaneous Revenue Anticipated	1,299,128.54	1,033,359.84
Receipts from Delinquent Taxes	19,998.92	55,453.53
Receipts from Current Taxes	1,607,233.72	1,634,971.67
Non-Budget Revenue	61,360.70	580,240.25
Other Credits to Income:		
Cancellation of Tax Overpayments		800.43
Unexpended Balance of Appropriation Reserves	455,628.61	438,175.08
Liquidation of Reserves:		
Due Federal and State Grant Fund		261,137.69
Due Animal Control Fund	21.17	
	<u>4,061,573.66</u>	<u>4,622,638.49</u>
Total Income		
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	461,800.00	501,800.00
Other Expenses	1,007,050.00	972,450.00
Deferred Charges and Statutory Expenditures--Municipal	100,560.00	76,958.00
Excluded from "CAPS":		
Operations:		
Salaries and Wages	10,500.00	10,000.00
Other Expenses	268,845.36	36,691.60
Municipal Debt Service	6,662.62	6,662.62
Transferred to Board of Education for Use of Local Schools	7,798.00	7,798.00
County Taxes	358,178.16	363,072.13
Due County Added and Omitted Taxes	1,493.12	7,536.85
Consolidated District School Tax	1,166,481.00	1,208,908.00
Prior Year Seniors and Veterans Disallowed	500.00	500.00
Added Tax Overpayments	124.70	
Creation of Reserve for:		
Due Animal Control Fund		331.15
Due Trust Other Funds	16,404.52	23,262.60
Due General Capital Fund	133,033.04	529,288.45
	<u>3,539,430.52</u>	<u>3,745,259.40</u>
Total Expenditures		
Statutory Excess to Fund Balance	522,143.14	877,379.09
<u>Fund Balance</u>		
Balance, January 1	<u>912,595.33</u>	<u>653,716.24</u>
	1,434,738.47	1,531,095.33
Decreased by:		
Utilized as Revenue	<u>618,202.00</u>	<u>618,500.00</u>
Balance, December 31	<u>\$ 816,536.47</u>	<u>\$ 912,595.33</u>

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, 2018

	<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	\$ 618,202.00		\$ 618,202.00	
Miscellaneous Revenues:				
Local Revenues:				
Fines and Costs:				
Municipal Court	50,000.00		48,527.02	\$ (1,472.98)
Interest on Investments and Deposits	10,000.00		43,237.37	33,237.37
State Aid without offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	144,818.00		144,818.00	
Energy Receipts Tax	748,746.00		748,746.00	
Dedicated Uniform Construction Code Fees				
Offset with Appropriations:				
Uniform Construction Code Fees	5,000.00		9,454.79	4,454.79
Special Items of General Revenue Anticipated with Prior				
Written Consent of Director of Local Government Services:				
Public and Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	7,575.57		7,575.57	
Body Armor Replacement Grant	741.04		741.04	
Safe and Secure Communities Program--P.L. 1993 Ch. 220	7,500.00		7,500.00	
Clean Communities Program	5,055.75		5,055.75	
USDA - Police Vehicle and Equipment Grant	17,500.00		17,500.00	
NJ Department of Transportation Grant		\$ 230,473.00	230,473.00	
Drive Sober or Get Pulled Over	10,500.00		10,500.00	
Other Special Items				
Interlocal Service Agreement - Wrightstown Municipal Court	25,000.00		25,000.00	
Total Miscellaneous Revenues	1,032,436.36	230,473.00	1,299,128.54	36,219.18
Receipts from Delinquent Taxes	20,000.00		19,998.92	(1.08)
Subtotal General Revenues	1,670,638.36	230,473.00	1,937,329.46	36,218.10
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including				
Reserve for Uncollected Taxes	60,758.22		179,734.66	118,976.44
Budget Totals	1,731,396.58	230,473.00	2,117,064.12	155,194.54
Non-Budget Revenues			61,360.70	61,360.70
	<u>\$ 1,731,396.58</u>	<u>\$ 230,473.00</u>	<u>\$ 2,178,424.82</u>	<u>\$ 216,555.24</u>

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2018

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 1,607,233.72
Allocated to School and County Taxes	<u>1,526,152.28</u>

Balance for Support of Municipal Budget Appropriations	81,081.44
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Add: Appropriation "Reserve for Uncollected Taxes"	<u>98,653.22</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>\$ 179,734.66</u></u>
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Receipts from Delinquent Taxes	<u><u>\$ 19,998.92</u></u>
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Analysis of Non-Budget Revenues

Other Treasurer Receipts:

Liquor Licenses	\$ 400.00
Mercantile Licenses	2,175.00
Bingo and Raffle Licenses	580.00
Motor Vehicle Report	65.00
Discovery Fees	30.00
Gun Permit Fees	51.00
Zoning Board Application Fee	1,490.00
Copy Fees	532.87
Hotel Fees	22,017.39
Towing Fees	2,640.00
FEMA	9,276.53
Cable Fees	3,136.07
Senior and Veterans Admin Fee	210.00
Homestead Rebate Admin Fee	82.20
Interest and Costs on Taxes	4,802.40
Miscellaneous	<u>13,393.80</u>

Due Animal Control Fund - Excess Reserve	<u>478.44</u>	\$ 60,882.26
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	<u>478.44</u>	
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Total Miscellaneous Revenues Not Anticipated	<u><u>\$ 61,360.70</u></u>
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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, 2018

	Appropriations		Paid or	Encumbered	Reserved	Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Charged</u>			
<u>OPERATIONS--WITHIN "CAPS"</u>						
<u>General Government</u>						
Administrative and Executive						
Salaries and Wages	\$ 37,000.00	\$ 5,000.00			\$ 5,000.00	
Other Expenses	7,500.00	7,500.00	\$ 2,649.94		4,850.06	
Mayor and Committee						
Salaries and Wages	47,000.00	47,000.00	46,525.00		475.00	
Other Expenses	4,800.00	4,800.00	1,661.73	\$ 70.00	3,068.27	
Municipal Clerk						
Salaries and Wages	40,000.00	40,000.00	38,795.93		1,204.07	
Other Expenses	12,000.00	12,000.00	4,931.77		7,068.23	
Financial Administration (Treasury)						
Salaries and Wages	15,000.00	15,000.00	13,360.08		1,639.92	
Other Expenses	14,500.00	14,500.00	13,035.09		1,464.91	
Audit Services						
Other Expenses	40,000.00	40,000.00	38,750.00		1,250.00	
Revenue Administration (Tax Collection)						
Salaries and Wages	13,750.00	13,750.00	12,360.40		1,389.60	
Other Expenses	5,000.00	5,000.00	3,623.80		1,376.20	
Tax Assessment Administration						
Salaries and Wages	15,000.00	15,000.00	12,000.00		3,000.00	
Other Expenses	3,000.00	3,000.00	1,789.57		1,210.43	
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	42,000.00	42,000.00	25,248.00		16,752.00	
Engineering Services						
Other Expenses	30,000.00	30,000.00	13,099.41		16,900.59	
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	3,000.00	2,000.00		1,000.00	
Other Expenses	15,500.00	15,500.00	10,168.25		5,331.75	
Insurance						
General Liability Insurance	75,000.00	75,000.00	70,188.00		4,812.00	
Workers Compensation	28,000.00	28,000.00	24,894.00		3,106.00	
Group Insurance Plan for Employees	265,000.00	265,000.00	237,885.20		27,114.80	

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Paid or	Encumbered	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification	Charged			
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>General Government (Cont'd)</u>						
<u>Public Safety</u>						
Police						
Salaries and Wages	\$ 168,000.00	\$ 168,000.00	\$ 166,913.90		\$ 1,086.10	
Other Expenses	55,000.00	33,000.00	7,042.44	\$ 381.50	25,576.06	
Office of Emergency Management						
Salaries and Wages	3,800.00	3,800.00	3,000.00		800.00	
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			1,000.00	
Municipal Prosecutors Office:						
Other Expenses	9,000.00	9,000.00	7,200.00		1,800.00	
<u>Public Works</u>						
Road Repairs and Maintenance						
Salaries and Wages	42,000.00	42,000.00	35,956.14		6,043.86	
Other Expenses	14,000.00	14,000.00	1,575.14		12,424.86	
Other Public Work Functions:						
Salaries and Wages	1,500.00	1,500.00			1,500.00	
Other Expenses	7,500.00	7,500.00	897.89		6,602.11	
Solid Waste Collection						
Salaries and Wages	750.00	750.00			750.00	
Other Expenses	5,000.00	5,000.00	3,115.76		1,884.24	
Public Buildings and Grounds						
Salaries and Wages	3,000.00	3,000.00	2,142.00		858.00	
Other Expenses	28,000.00	82,000.00	17,761.64	114.00	64,124.36	
Vehicle Maintenance						
Other Expenses	20,500.00	20,500.00	19,779.01	72.94	648.05	
<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	656.85		1,343.15	
Animal Control Services						
Other Expenses	2,000.00	2,000.00	600.00		1,400.00	
<u>Park and Recreation</u>						
Recreation Services						
Salaries and Wages	500.00	500.00			500.00	
Other Expenses	5,000.00	5,000.00			5,000.00	
Maintenance of Parks						
Other Expenses	10,000.00	10,000.00	3,179.66		6,820.34	
Celebration of Public Events						
Other Expenses	5,000.00	5,000.00	2,910.06		2,089.94	

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2018

	Appropriations		Paid or Charged	Encumbered	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification				
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Other Functions</u>						
Municipal Court						
Salaries and Wages	\$ 70,000.00	\$ 70,000.00	\$ 63,373.08		\$ 6,626.92	
Other Expenses	10,000.00	10,000.00	8,023.81	\$ 494.00	1,482.19	
Public Defender						
Other Expenses	9,000.00	9,000.00	7,200.00		1,800.00	
<u>Appropriations Offset by Dedicated Revenues</u>						
Code Enforcement						
Salaries and Wages	28,500.00	28,500.00	26,103.26		2,396.74	
Other Expenses	5,000.00	5,000.00	1,796.07		3,203.93	
<u>Unclassified</u>						
Electricity	32,000.00	32,000.00	16,855.66		15,144.34	
Street Lighting	36,000.00	36,000.00	22,707.73		13,292.27	
Telephone	7,000.00	7,000.00	4,689.08		2,310.92	
Natural Gas	15,000.00	15,000.00	12,237.35		2,762.65	
Telecommunication Costs	7,000.00	7,000.00	5,347.86		1,652.14	
Sewerage Processing	5,000.00	5,000.00	500.00		4,500.00	
Gasoline	19,000.00	19,000.00	12,288.50		6,711.50	
Reserve for Tax Appeals	40,000.00	40,000.00			40,000.00	
<u>Solid Waste Disposal Costs</u>						
Garbage and Trash Removal -- Contractual	60,000.00	60,000.00	52,052.00		7,948.00	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operations--Within "CAPS"	1,468,850.00	1,468,850.00	1,088,871.06	1,132.44	378,846.50	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Detail:						
Salaries and Wages	493,800.00	461,800.00	422,529.79		39,270.21	
Other Expenses	975,050.00	1,007,050.00	666,341.27	1,132.44	339,576.29	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	22,006.00	22,006.00	22,005.28		0.72	
Social Security System (O.A.S.I.)	38,500.00	38,500.00	31,454.84		7,045.16	
Police and Firemen's Retirement System of N.J.	37,654.00	37,654.00	37,653.54		0.46	
Unemployment Insurance	2,400.00	2,400.00	2,062.81		337.19	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Statutory Expenditures	100,560.00	100,560.00	93,176.47	-	7,383.53	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Appropriations for Municipal						
Purposes Within "CAPS"	1,569,410.00	1,569,410.00	1,182,047.53	1,132.44	386,230.03	-

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2018

	<u>Appropriations</u>		<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Charged</u>			<u>Balance</u> <u>Canceled</u>
<u>OPERATIONS--EXCLUDED FROM "CAPS"</u>						
<u>State and Federal Programs Off-Set by Revenues</u>						
Safe and Secure Communities Program	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00			
Clean Communities Program	5,055.75	5,055.75	5,055.75			
Recycling Tonnage Grant	7,575.57	7,575.57	7,575.57			
Body Armor Replacement Program	741.04	741.04	741.04			
USDA - Police Vehicle and Equipment Grant	17,500.00	17,500.00	17,500.00			
NJ Department of Transportation (NJSA 40A:4-87)		230,473.00	230,473.00			
Drive Sober or Get Pulled Over	10,500.00	10,500.00	10,500.00			
Total Public and Private Programs Off-Set by Revenues	48,872.36	279,345.36	279,345.36	-	-	-
Total Operations--Excluded from "CAPS"	48,872.36	279,345.36	279,345.36	-	-	-
Detail:						
Salaries and Wages	10,500.00	10,500.00	10,500.00			
Other Expenses	38,372.36	268,845.36	268,845.36			
<u>MUNICIPAL DEBT SERVICE--EXCLUDED FROM "CAPS"</u>						
<u>Green Trust Loan Program:</u>						
Loan Repayments for Principal and Interest	6,663.00	6,663.00	6,662.62			\$ 0.38

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2018

	<u>Appropriations</u>		<u>Paid or</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>				<u>Canceled</u>
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	\$ 7,798.00	\$ 7,798.00	\$ 7,798.00			
Total General Appropriation for Municipal Purposes-- Excluded from "CAPS"	63,333.36	293,806.36	293,805.98			\$ 0.38
Subtotal General Appropriations	1,632,743.36	1,863,216.36	1,475,853.51	\$ 1,132.44	\$ 386,230.03	0.38
Reserve for Uncollected Taxes	98,653.22	98,653.22	98,653.22			
	<u>\$ 1,731,396.58</u>	<u>\$ 1,961,869.58</u>	<u>\$ 1,574,506.73</u>	<u>\$ 1,132.44</u>	<u>\$ 386,230.03</u>	<u>\$ 0.38</u>
Appropriation by NJS 40A:4-87		\$ 230,473.00				
Budget		<u>1,731,396.58</u>				
		<u>\$ 1,961,869.58</u>				
Due to Consolidated School District			\$ 7,798.00			
Reserve for Federal And State Grants--Appropriated			279,345.36			
Reserve for Uncollected Taxes			98,653.22			
Refunds			(17,668.93)			
Disbursed			<u>1,206,379.08</u>			
			<u>\$ 1,574,506.73</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, 2018 and 2017

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Animal Control Fund:			
Cash	SB-1	\$ 1,650.28	\$ 1,800.65
Other Funds:			
Cash	SB-1	318,119.42	297,619.39
Due Developers	B	4,711.69	4,711.69
		322,831.11	302,331.08
		<u>\$ 324,481.39</u>	<u>\$ 304,131.73</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due Current Fund	SB-3	\$ 524.28	\$ 545.45
Reserve for Animal Control Fund Expenditures	SB-2	1,126.00	1,255.20
		1,650.28	1,800.65
Other Funds:			
Due Current Fund	SB-4	41,707.25	25,302.73
Due State - Excess Public Defender	B	552.00	552.00
Other Trust Reserves:			
Reserve for Developers' Escrow Deposits	SB-5	179,877.31	165,965.69
Reserve for Public Defender	SB-5	5,564.00	2,669.00
Reserve for POAA	SB-5	18.18	9.00
Reserve for MLETA	SB-5	1,589.26	1,282.08
Reserve for Fire Safety	SB-5	38.00	38.00
Reserve for Affordable Housing	SB-5	83,077.18	92,467.55
Reserve for Municipal Alliance Program	SB-5	10,407.93	13,149.24
Reserve for Payroll Deductions Payable	SB-5		895.79
		322,831.11	302,331.08
		<u>\$ 324,481.39</u>	<u>\$ 304,131.73</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, 2018 and 2017

<u>ASSETS</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	SC-1	\$ 3,197,190.82	\$ 3,196,897.57
Deferred Charges - Funded	SC-3	65,494.81	70,768.30
		<u>\$ 3,262,685.63</u>	<u>\$ 3,267,665.87</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	SC-4	\$ 259,613.55	\$ 347,353.34
Capital Improvement Fund	SC-7	1,438,892.11	1,483,892.11
Farmland Preservation Fund	C	800,000.00	800,000.00
Renovations to Township Owned Property	C	36,300.00	36,300.00
Due to Current Fund	SC-6	662,321.49	529,288.45
Green Acres Note Payable	SC-5	65,494.81	70,768.30
Fund Balance	C	63.67	63.67
		<u>\$ 3,262,685.63</u>	<u>\$ 3,267,665.87</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, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2018</u>
General Fixed Assets:				
Land and Land Improvements	\$ 692,197.22	\$ 127,542.86		\$ 819,740.08
Buildings	2,137,075.00			2,137,075.00
Vehicles	733,747.92			733,747.92
Machinery and Equipment	88,490.49	6,195.00		94,685.49
	<u>\$ 3,651,510.63</u>	<u>\$ 133,737.86</u>	<u>\$ -</u>	<u>\$ 3,785,248.49</u>
Investment in General Fixed Assets	<u>\$ 3,651,510.63</u>	<u>\$ 133,737.86</u>	<u>\$ -</u>	<u>\$ 3,785,248.49</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, 2018

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 by GASB Statements No. 39, No. 61 and No. 80.

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.

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

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.

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, 2017 and decreased by the amount deferred at December 31, 2018.

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.

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

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.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2018, the Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their postemployment benefits plan. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the Township.

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, 2018, the Township's bank balances of \$5,820,736.96 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 2.524</u>	<u>\$ 2.594</u>	<u>\$ 2.453</u>	<u>\$ 2.432</u>	<u>\$ 2.087</u>
Apportionment of Tax Rate:					
County	\$.572	\$.579	\$.550	\$.550	\$.434
Consolidated School District	1.856	1.921	1.903	1.882	1.653
Municipal	.096	.094			

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 62,830,700.00
2017	62,922,800.00
2016	60,841,800.00
2015	60,508,768.00
2014	62,026,574.00

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
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%
2015	1,483,265.02	1,445,351.45	97.44%
2014	1,301,780.15	1,246,320.57	95.74%

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
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%
2015	230,429.32	36,668.74	267,098.06	18.01%
2014	224,349.32	49,025.06	273,374.38	21.00%

Note 3: PROPERTY TAXES (CONT'D)

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>
2018	1
2017	1
2016	1
2015	1
2014	1

Note 4: FUND BALANCE APPROPRIATED

The following schedule details the amount of fund balance available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budget:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
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%
2015	750,286.11	650,000.00	86.63%
2014	1,037,001.95	730,000.00	70.40%

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, 2018:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 704,553.02	\$ 172,624.05
Federal and State Grant	172,624.05	
Trust - Animal Control		524.28
Trust - Other		41,707.25
General Capital		662,321.49
Totals	<u>\$ 877,177.07</u>	<u>\$ 877,177.07</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 2019, 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. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plan's 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.nj.gov/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.

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

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

Public Employees' Retirement System (Cont'd) - 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

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 Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - The Township's contractually required contribution rate for the year ended December 31, 2018 was 14.39% 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$24,199.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$21,699.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$12,472.28.

Police and Firemen's Retirement System - The contribution policy 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 active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, 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.

The Township's contractually required contribution rate for the year ended December 31, 2018 was 16.42% 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$19,857.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$37,617.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$11,285.50.

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 amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2018 was 1.83% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 is \$2,211.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 was \$3,675.00, which was paid on April 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$479,016.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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, 2018 measurement date, the Township's proportion was .0024328503%, which was an increase of .0000905404% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$23,857.00. This 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, 2018, the Township's contribution to PERS was \$21,699.00, and was paid on April 1, 2018.

Police and Firemen's Retirement System - At December 31, 2018, 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	\$ 274,841.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	37,333.00
	<u>\$ 312,174.00</u>

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

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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, 2018 measurement date, the Township's proportion was .00203110005%, which was a decrease of .0022193193% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Township, was .00203110005%, which was a decrease of .0022193193% from its proportion, on-behalf of the Township, measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$(37,254.00). This 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, 2018, the Township's contribution to PFRS was \$37,617.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$4,422.00. This on-behalf 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 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, 2018, 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	\$ 9,135.00	\$ 2,796.00	\$ 11,931.00	\$ 2,470.00	\$ 1,137.00	\$ 3,607.00
Changes of Assumptions	78,934.00	23,591.00	102,525.00	153,164.00	70,437.00	223,601.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	4,493.00	1,504.00	5,997.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	17,414.00	349,318.00	366,732.00	19,436.00	434,763.00	454,199.00
Township Contributions Subsequent to the Measurement Date	12,100.00	9,929.00	22,029.00	-	-	-
	<u>\$ 117,583.00</u>	<u>\$ 385,634.00</u>	<u>\$ 503,217.00</u>	<u>\$ 179,563.00</u>	<u>\$ 507,841.00</u>	<u>\$ 687,404.00</u>

\$12,100.00 and \$9,929.00 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, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Township's year end of December 31, 2018.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension 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:

	PERS		PFRS	
	<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, 2014	-	-	-	-
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	-
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
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	5.00	-	5.00	-
June 30, 2016	5.00	-	5.00	-
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	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

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension 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:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ 629.00	\$ (56,207.00)	\$ (55,578.00)
2020	(6,493.00)	5,589.00	(904.00)
2021	(34,049.00)	6,948.00	(27,101.00)
2022	(27,292.00)	(39,422.00)	(66,714.00)
2023	(6,875.00)	(49,044.00)	(55,919.00)
	<u>\$ (74,080.00)</u>	<u>\$ (132,136.00)</u>	<u>\$ (206,216.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

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

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66% for PERS and 6.51% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 6: PENSION PLANS (CONT'D)**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, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, 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 <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 602,308.00</u>	<u>\$ 479,016.00</u>	<u>\$ 375,582.00</u>

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, 2018, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.51%, 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 <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 367,841.00	\$ 274,841.00	\$ 198,133.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>49,965.59</u>	<u>37,333.00</u>	<u>26,913.42</u>
	<u>\$ 417,806.59</u>	<u>\$ 312,174.00</u>	<u>\$ 225,046.42</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 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. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Note 6: PENSION PLANS (CONT'D)**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.

Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Six Years)

	Measurement Date Ended June 30,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0024328503%	0.0023423099%	0.0024631193%
Township's Proportionate Share of the Net Pension Liability	\$ 479,016.00	\$ 545,252.00	\$ 729,505.00
Township's Covered Payroll (Plan Measurement Period)	\$ 170,852.00	\$ 162,272.00	\$ 169,448.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	280.37%	336.01%	430.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	Measurement Date Ended June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0024563474%	0.0024750554%	0.0025131405%
Township's Proportionate Share of the Net Pension Liability	\$ 551,401.00	\$ 463,398.00	\$ 480,311.00
Township's Covered Payroll (Plan Measurement Period)	\$ 169,448.00	\$ 171,168.00	\$ 173,364.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.41%	270.73%	277.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 24,199.00	\$ 21,699.00	\$ 21,882.00
Township's Contribution in Relation to the Contractually Required Contribution	(24,199.00)	(21,699.00)	(21,882.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 168,114.00	\$ 168,297.00	\$ 164,326.00
Township's Contributions as a Percentage of Covered Payroll	14.39%	12.89%	13.32%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 21,118.00	\$ 20,404.00	\$ 18,936.00
Township's Contribution in Relation to the Contractually Required Contribution	(21,118.00)	(20,404.00)	(18,936.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 169,448.00	\$ 159,948.00	\$ 160,972.00
Township's Contributions as a Percentage of Covered Payroll	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 Six Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0020311005%	0.0042504198%	0.0020178071%
Township's Proportionate Share of the Net Pension Liability	\$ 274,841.00	\$ 656,183.00	\$ 385,453.00
State's Proportionate Share of the Net Pension Liability associated with the Township	37,333.00	73,498.00	32,368.00
Total	<u>\$ 312,174.00</u>	<u>\$ 729,681.00</u>	<u>\$ 417,821.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 67,384.00	\$ 116,248.00	\$ 74,892.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.87%	564.47%	514.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0000000000%	0.0021133516%	0.0048046815%
Township's Proportionate Share of the Net Pension Liability	\$ -	\$ 265,840.00	\$ 638,340.00
State's Proportionate Share of the Net Pension Liability associated with the Township	-	28,627.00	59,501.00
Total	<u>\$ -</u>	<u>\$ 294,467.00</u>	<u>\$ 697,841.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ -	\$ 95,868.00	\$ 150,692.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	277.30%	423.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Six Years)***

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

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

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

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

In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017 and 6.51% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter.

For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 7: 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, 2018, accrued benefits for compensated absences are valued at \$25,952.00.

Note 8: 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 9: 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.

Note 9: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Green Acres Loan (Cont'd)**

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>
2019	\$ 5,379.48	\$ 1,389.13	\$ 6,768.61
2020	5,487.62	1,283.13	6,770.75
2021	5,597.91	1,175.00	6,772.91
2022	5,710.43	952.19	6,662.62
2023	5,825.22	837.40	6,662.62
2024-2028	30,930.15	2,382.95	33,313.10
2029	6,564.00	98.62	6,662.62
Totals	<u>\$ 65,494.81</u>	<u>\$ 8,118.42</u>	<u>\$ 73,613.23</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 65,494.81	\$ 70,768.30	\$ 75,937.88
<u>Authorized but not Issued</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Issued and Authorized but not Issued	<u>65,494.81</u>	<u>70,768.30</u>	<u>75,937.88</u>
Net Debt	<u>\$ 65,494.81</u>	<u>\$ 70,768.30</u>	<u>\$ 75,937.88</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 .075%.

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 3,071,872.37
Less: Net Debt	<u>65,494.81</u>
Remaining Borrowing Power	<u>\$ 3,006,377.56</u>

Net debt \$65,494.81 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$87,767,782.00, equals .075%.

Note 10: SCHOOL TAXES

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>2018</u>	<u>2017</u>
Balance of Tax	\$ 842,035.03	\$ 640,362.50
Deferred	<u>102,503.00</u>	<u>102,503.00</u>
Taxes Payable	<u>\$ 739,532.03</u>	<u>\$ 537,859.50</u>

Note 11: 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.

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc.

Note 12: 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.

Litigation - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 13: 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 14: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**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 benefit coverage to retirees and their covered dependents of the 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 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.

Note 14: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Contributions (Cont'd) - The Township was billed monthly by the Plan and \$103,612.92 for the year ended December 31, 2018, representing 35.84% of the Township's covered payroll. During the year ended December 31, 2018, 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.

The Township does not have a Special Funding Situation within the Plan.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At December 31, 2018 the Township's proportionate share of the net OPEB liability was \$2,420,336.00.

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

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, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Township's proportion was .015449% which was an increase of .001152% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the Township's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$337.00. This 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, 2018, the Township made contributions to the Plan totaling \$103,612.92.

Note 14: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2018, 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	\$ -	\$ 491,415.00
Changes of Assumptions	-	613,950.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,279.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	229,159.00	760,773.00
Township Contributions Subsequent to the Measurement Date	30,269.88	-
	<u>\$ 260,707.88</u>	<u>\$ 1,866,138.00</u>

\$30,269.88 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, 2019.

Note 14: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**OPEB Liability, OPEB 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>
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
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	-
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

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:

Year Ending <u>Dec. 31,</u>	
2019	\$ (255,981.00)
2020	(255,981.00)
2021	(255,981.00)
2022	(256,116.00)
2023	(256,335.00)
Thereafter	(355,306.00)
	<u>\$ (1,635,700.00)</u>

Note 14: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**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, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

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, 2018 was 3.87%. 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 preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Note 14: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**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, 2018, the Plans measurement date, calculated using a discount rate of 3.87%, 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>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 2,839,694.00</u>	<u>\$ 2,420,336.00</u>	<u>\$ 2,085,364.00</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, 2018, the Plans 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>\$ 2,018,948.00</u>	<u>\$ 2,420,336.00</u>	<u>\$ 2,939,791.00</u>

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 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 GASB 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.

Note 14: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**Supplementary OPEB Information (Cont'd)*****Schedule of the Township's Proportionate Share of the net OPEB Liability (Last 2 Years) –***

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

Schedule of the Township's Contributions (Last 2 Years) –

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

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - None

Changes in Assumptions – In 2017, the discount rate changed to 3.58% from 2.85%. 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.

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, 2018

	<u>Current Fund</u>	
Balance December 31, 2017	\$ 2,232,796.35	
Increased by Receipts:		
Taxes Receivable	\$ 1,572,089.87	
Tax Overpayments	6,228.94	
Due to the State of New Jersey--Senior Citizens' and Veterans' Deductions	10,500.00	
Prepaid Taxes	33,589.11	
2018 Appropriation Refunds	17,668.93	
Miscellaneous Revenue Not Anticipated	60,882.26	
Revenue Accounts Receivable	1,017,494.44	
Due to State of New Jersey:		
Marriage License Fees	1,200.00	
DCA Fees	671.21	
Interfunds Received:		
Trust Other	54,908.70	
Animal Control	509.45	
Received by Current Fund on Behalf of Trust Fund:		
Public Defender	2,895.00	
POAA	9.18	
Affordable Housing	1,500.00	
Petty Cash	200.00	
Received by Current Fund on Behalf of Federal & State Grant Fund	50,334.96	
	<u>2,830,682.05</u>	
	5,063,478.40	
Decreased by Disbursements:		
2018 Appropriations	1,206,379.08	
2017 Appropriation Reserves	13,925.74	
Tax Overpayments	4,260.14	
Due to the State of New Jersey:		
Marriage License Fees	1,125.00	
DCA Fees	686.07	
Due County--Added & Omitted	7,536.85	
County Taxes	358,178.16	
Consolidated School District	964,808.47	
Petty Cash	200.00	
Interfunds Disbursed:		
Trust Other Fund	72,439.72	
Disbursements Made By Current Fund on Behalf of:		
Federal and State Grant Fund	15,052.38	
General Capital Fund	132,739.79	
MLETA	792.03	
Affordable Housing	500.00	
	<u>2,778,623.43</u>	
Balance December 31, 2018	<u>\$ 2,284,854.97</u>	

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Change Funds
For the Year Ended December 31, 2018

<u>Office</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Clerk of the 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, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2018</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, 2018

Year	Balance Dec. 31, 2017	2018 Levy	Added Taxes	<u>Collections</u>		Due from State of New Jersey	Canceled/ Appeals	Transferred To Liens	Overpayments Applied	Balance Dec. 31, 2018
				2017	2018					
Arrears	\$ 4,835.17		\$ 157.50							\$ 4,992.67
2017	26,653.27		500.00		\$ 18,506.28		\$ 669.35	\$ 6,485.00	\$ 1,492.64	
	31,488.44	-	500.00	-	18,506.28	-	669.35	6,485.00	1,492.64	4,992.67
2018		\$ 1,636,185.63	-	\$ 35,009.57	1,553,583.59	\$ 11,500.00	3,267.17	6,310.00	7,140.56	19,374.74
	<u>\$ 31,488.44</u>	<u>\$ 1,636,185.63</u>	<u>\$ 500.00</u>	<u>\$ 35,009.57</u>	<u>\$ 1,572,089.87</u>	<u>\$ 11,500.00</u>	<u>\$ 3,936.52</u>	<u>\$ 12,795.00</u>	<u>\$ 8,633.20</u>	<u>\$ 24,367.41</u>

Analysis of 2018 Property Tax Levy

Tax Yield

General Purpose Tax	\$ 1,585,417.38
Added Taxes (54:4-63.1 Et. Seq.)	6,600.38
Miscellaneous Added Taxes	44,167.87
	<u>\$ 1,636,185.63</u>

Tax Levy

Consolidated District School Tax	\$ 1,166,481.00
County Taxes:	
County Tax	\$ 308,591.21
County Open Space Tax	22,362.06
County Library Tax	27,224.89
Total County Taxes	358,178.16
Due County for Added and Omitted Taxes	1,493.12
Local Tax for Municipal Purposes	60,758.22
Add Additional Tax Levied	49,275.13
	<u>110,033.35</u>
Local Tax for Municipal Purposes Levied	<u>\$ 1,636,185.63</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, 2018

Balance December 31, 2017		\$ 260.00
Increased by:		
2018 Taxes:		
Senior Citizens' and Veterans' Deductions per Tax Billing	\$ 11,000.00	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector	<u>750.00</u>	
	11,750.00	
Less:		
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector	<u>250.00</u>	
		<u>11,500.00</u>
		11,760.00
Decreased by:		
Collections	10,500.00	
Senior Citizens' and Veterans' Deductions		
Disallowed by Tax Collector - Prior Year Taxes	<u>500.00</u>	
		<u>11,000.00</u>
Balance December 31, 2018		<u><u>\$ 760.00</u></u>

Exhibit SA-6

CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 17,272.62
Increased by:		
Overpayments Created:		
2017 Taxes	\$ 2,079.93	
2018 Taxes	4,149.01	
Miscellaneous Added Tax Overpayments	<u>124.70</u>	
		<u>6,353.64</u>
		23,626.26
Decreased by:		
Overpayments Applied:		
2017 Taxes	1,492.64	
2018 Taxes	7,140.56	
Refunded	<u>4,260.14</u>	
		<u>12,893.34</u>
Balance December 31, 2018		<u><u>\$ 10,732.92</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	Accrued <u>in 2018</u>	<u>Received</u>	Balance <u>Dec. 31, 2018</u>
Miscellaneous Revenue:				
Municipal Court--Fines and Costs	\$ 4,361.28	\$ 47,768.40	\$ 48,527.02	\$ 3,602.66
Interest on Investments and Deposits		43,237.37	43,237.37	
Consolidated Municipal Property Tax Relief		144,818.00	144,818.00	
Energy Receipts PL 97 Ch 162/6		748,746.00	748,746.00	
Uniform Construction Code Fees		9,454.79	9,454.79	
Interlocal Service Agreement - Wrightstown Municipal Court		25,000.00	25,000.00	
	<u>\$ 4,361.28</u>	<u>\$ 1,019,024.56</u>	<u>\$ 1,019,783.18</u>	<u>\$ 3,602.66</u>
Received			\$ 1,017,494.44	
Interest on Investments and Deposits:				
Due from General Capital Fund			293.25	
Due from Animal Control Fund			9.84	
Due from Trust Other Fund			<u>1,985.65</u>	
			<u>\$ 1,019,783.18</u>	

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 236,561.82
Increased by:	
Transferred from Taxes	<u>12,795.00</u>
Balance December 31, 2018	<u><u>\$ 249,356.82</u></u>

CURRENT FUND
Statement of Due to State of New Jersey--Marriage License Fees
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 150.00
Increased by:	
State Marriage License Fees Collected	<u>1,200.00</u>
	1,350.00
Decreased by:	
Payments	<u>1,125.00</u>
Balance December 31, 2018	<u><u>\$ 225.00</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2018

Balance December 31, 2017 (2018 Taxes)	\$ 35,009.57
Increased by:	
Collection--2019 Taxes	<u>33,589.11</u>
	68,598.68
Decreased by:	
Application to 2018 Taxes Receivable	<u>35,009.57</u>
Balance December 31, 2018 (2019 Taxes)	<u><u>\$ 33,589.11</u></u>

Exhibit SA-11

CURRENT FUND
Statement of Due County for Added and Omitted Taxes
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 7,536.85
Increased by:		
2017 Added Taxes	\$ 174.85	
2018 Added Taxes	<u>1,318.27</u>	
		<u>1,493.12</u>
		9,029.97
Decreased by:		
Payments		<u>7,536.85</u>
Balance December 31, 2018		<u><u>\$ 1,493.12</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of 2017 Appropriation Reserves
For the Year Ended December 31, 2018

	Balance, Dec. 31, 2017		Balance	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>After</u> <u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
<u>Within "CAPS"</u>					
Administrative and Executive					
Salaries and Wages		\$ 36,500.00	\$ 36,500.00		\$ 36,500.00
Other Expenses		5,276.03	5,276.03	\$ 143.18	5,132.85
Mayor and Committee					
Salaries and Wages		475.00	475.00		475.00
Other Expenses		3,216.28	3,216.28		3,216.28
Municipal Clerk					
Salaries and Wages		4,275.37	4,275.37		4,275.37
Other Expenses		6,757.44	6,757.44		6,757.44
Financial Administration					
Salaries and Wages		1,639.92	1,639.92		1,639.92
Other Expenses		1,057.18	1,057.18	557.00	500.18
Audit Services					
Other Expenses		1,250.00	1,250.00		1,250.00
Revenue Administration (Tax Collector)					
Salaries and Wages		885.04	885.04		885.04
Other Expenses		1,984.25	1,984.25		1,984.25
Assessment of Taxes					
Salaries and Wages		3,000.00	3,000.00		3,000.00
Other Expenses		1,269.36	1,269.36	30.12	1,239.24
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		9,510.00	9,510.00		9,510.00
Engineering Services and Costs					
Other Expenses		18,926.62	18,926.62		18,926.62
Economic Development					
Other Expenses		2,000.00	2,000.00		2,000.00
Land Use Administration					
Land Development Board					
Salaries and Wages		1,000.00	1,000.00		1,000.00
Other Expenses		6,495.71	6,495.71		6,495.71
Insurance					
General Liability Insurance		5,868.00	5,868.00		5,868.00
Workers Compensation		4,335.00	4,335.00		4,335.00
Group Insurance Plan for Employees	\$ 19,012.63	31,286.31	50,298.94	1,277.40	49,021.54
Unemployment Compensation		590.51	590.51		590.51
Police					
Salaries and Wages		10,187.48	10,187.48		10,187.48
Other Expenses		39,963.50	39,963.50	45.00	39,918.50
Office of Emergency Management					
Salaries and Wages		800.00	800.00		800.00
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
Municipal Prosecutor					
Other Expenses		4,200.00	4,200.00		4,200.00
Road Repairs and Maintenance					
Salaries and Wages		8,291.70	8,291.70		8,291.70
Other Expenses		13,403.01	13,403.01		13,403.01
Other Public Works Functions					
Salaries and Wages		1,500.00	1,500.00		1,500.00
Other Expenses		9,805.37	9,805.37		9,805.37

(Continued)

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of 2017 Appropriation Reserves
For the Year Ended December 31, 2018

	Balance, Dec. 31, 2017		Balance After Modification	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
<u>Within "CAPS" (CONT'D)</u>					
Solid Waste Collections					
Salaries and Wages		\$ 750.00	\$ 750.00		\$ 750.00
Other Expenses		4,783.40	4,783.40		4,783.40
Public Buildings and Grounds					
Salaries and Wages		858.00	858.00		858.00
Other Expenses	\$ 242.44	15,886.73	16,129.17	\$ 2,330.11	13,799.06
Vehicle Maintenance					
Other Expenses		21,586.03	21,586.03		21,586.03
Public Health Services					
Salaries and Wages		4,000.00	4,000.00		4,000.00
Other Expenses		1,592.50	1,592.50		1,592.50
Animal Control					
Other Expenses		1,171.00	1,171.00		1,171.00
Recreation					
Salaries and Wages		3,000.00	3,000.00		3,000.00
Other Expenses		4,974.08	4,974.08		4,974.08
Maintenance of Parks					
Other Expenses		4,137.83	4,137.83		4,137.83
Celebration of Public Events					
Other Expenses		7,176.44	7,176.44	384.96	6,791.48
Municipal Court					
Salaries and Wages		6,496.96	5,496.96		5,496.96
Other Expenses	75.00	532.49	1,607.49	10.50	1,596.99
Public Defender					
Salaries and Wages		2,650.00	2,650.00		2,650.00
Other Code Enforcement Functions					
Salaries and Wages		2,881.63	2,881.63		2,881.63
Other Expenses		213.99	213.99		213.99
Unclassified:					
Electricity		14,135.39	14,135.39	1,229.25	12,906.14
Street Lighting		12,447.89	12,447.89	2,159.08	10,288.81
Telephone		5,878.02	5,878.02	104.62	5,773.40
Natural Gas		7,125.95	7,125.95		7,125.95
Telecommunication Costs		1,735.77	1,735.77	230.27	1,505.50
Sewerage Processing		4,500.00	4,500.00		4,500.00
Gasoline		11,935.53	11,935.53	692.25	11,243.28
Reserve for Tax Appeals		40,000.00	40,000.00		40,000.00
Garbage and Trash Removal					
Contractual		10,266.80	10,266.80	4,732.00	5,534.80
Contribution to					
Social Security System (O.A.S.I.)		8,008.77	8,008.77		8,008.77
	<u>\$ 19,330.07</u>	<u>\$ 450,224.28</u>	<u>\$ 469,554.35</u>	<u>\$ 13,925.74</u>	<u>\$ 455,628.61</u>
Disbursed				<u>\$ 13,925.74</u>	

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of Consolidated School District Payable
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 58,667.00
Increased by:	
Charges to 2018 Budget	<u>7,798.00</u>
Balance December 31, 2018	<u><u>\$ 66,465.00</u></u>

CURRENT FUND
Statement of Due to State of New Jersey--DCA Fees
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 261.66
Increased by:	
DCA Fees Collected	<u>671.21</u>
	932.87
Decreased by:	
Payments	<u>686.07</u>
Balance December 31, 2018	<u><u>\$ 246.80</u></u>

TOWNSHIP OF NEW HANOVER
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2018

Increased by:

2018 Tax Levy:

County Tax	\$ 308,591.21	
County Open Space Tax	22,362.06	
County Library Tax	<u>27,224.89</u>	
		\$ 358,178.16

Decreased by:

Payments		<u>\$ 358,178.16</u>
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Exhibit SA-16

CURRENT FUND
Statement of Consolidated District School Tax Payable
For the Year Ended December 31, 2018

Balance December 31, 2017:

School Tax Payable	\$ 537,859.50	
School Tax Deferred	<u>102,503.00</u>	
		\$ 640,362.50

Increased by:

Levy--School Year July 1, 2018 to June 30, 2019		<u>1,166,481.00</u>
		1,806,843.50

Decreased by:

Payments		<u>964,808.47</u>
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Balance December 31, 2018

School Tax Payable	739,532.03	
School Tax Deferred	<u>102,503.00</u>	
		<u>\$ 842,035.03</u>

2018 Liability for Consolidated District School Taxes:

Tax Paid		\$ 964,808.47
Add: Tax Payable December 31, 2018		<u>739,532.03</u>

		1,704,340.50
Less: Tax Payable December 31, 2017		<u>537,859.50</u>

Amount Charged to Operations		<u>\$ 1,166,481.00</u>
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TOWNSHIP OF NEW HANOVER
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2018

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>Realized as Miscellaneous Revenue in 2018 Budget</u>	<u>Received</u>	<u>Balance Dec. 31, 2018</u>
Federal Grants:				
Drive Sober or Get Pulled Over		\$ 10,500.00	\$ 10,500.00	
USDA - Police Vehicle and Equipment Program		17,500.00	17,500.00	
New Jersey Department of Transportation	\$ 220,000.00	230,473.00		\$ 450,473.00
Total Federal Grants	220,000.00	258,473.00	28,000.00	450,473.00
State Grants:				
Clean Communities Grant		5,055.75	5,055.75	
Recycling Tonnage Grant		7,575.57	7,575.57	
Body Armor Replacement Grant		741.04	741.04	
Safe and Secure Neighborhood Program		7,500.00	7,500.00	
Total State Grants	-	20,872.36	20,872.36	-
Local Grants:				
Municipal Park Development Program	36,186.20			36,186.20
Burlington County Parks Grant	150,000.00			150,000.00
Total Local Grants	186,186.20	-	-	186,186.20
Grand Total	\$ 406,186.20	\$ 279,345.36	\$ 48,872.36	\$ 636,659.20
Original Budget		\$ 48,872.36		
Appropriation by 40A:4-87		230,473.00		
Cash Received			\$ 17,500.00	
Transferred from Unappropriated Grants			31,372.36	
		\$ 279,345.36	\$ 48,872.36	

TOWNSHIP OF NEW HANOVER
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants--Unappropriated
For the Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	Realized as Miscellaneous Revenue in <u>2018 Budget</u>	<u>Received</u>	Balance <u>Dec. 31, 2018</u>
Federal Grants:				
Drive Sober or Get Pulled Over	\$ 10,500.00	\$ 10,500.00	\$ 5,500.00	\$ 5,500.00
State Grants:				
Clean Communities Grant	5,055.75	5,055.75	4,834.96	4,834.96
Safe and Secure Neighborhood Program	7,500.00	7,500.00	22,500.00	22,500.00
Body Armor Replacement Grant	741.04	741.04		
Recycling Tonnage Grant	<u>7,575.57</u>	<u>7,575.57</u>		
Total State Grants	<u>20,872.36</u>	<u>20,872.36</u>	<u>27,334.96</u>	<u>27,334.96</u>
	<u>\$ 31,372.36</u>	<u>\$ 31,372.36</u>	<u>\$ 32,834.96</u>	<u>\$ 32,834.96</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, 2018

<u>Program</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Budget Appropriation</u>	<u>Paid or Charged</u>	<u>Balance Dec. 31, 2018</u>
Federal Grants:				
New Jersey Department of Transportation Grant	\$ 227,465.75	\$ 230,473.00	\$ 8,343.25	\$ 449,595.50
USDA Police Vehicle and Equipment Grant		17,500.00		17,500.00
Drive Sober or Get Pulled Over		10,500.00		10,500.00
Drunk Driving Enforcement Grant	2,992.52		2,992.52	
USDA Rural Development Grant	3,216.07			3,216.07
Total Federal Grants	233,674.34	258,473.00	11,335.77	480,811.57
State Grants:				
Body Armor Replacement Grant	2,935.62	741.04		3,676.66
Recycling Tonnage Grant	24,396.79	7,575.57	2,148.00	29,824.36
Clean Communities Grant		5,055.75	1,568.61	3,487.14
Safe and Secure Neighborhood Program	45,000.00	7,500.00		52,500.00
Stormwater Management Grant	3,300.00			3,300.00
Drive Sober or Get Pulled Over	10,000.00			10,000.00
Bullet Proof Partnership Grant	0.75			0.75
Total State Grants	85,633.16	20,872.36	3,716.61	102,788.91
Local Grants:				
Police Private Donations	2,250.00			2,250.00
Municipal Park Development Program	40,249.74			40,249.74
Burlington County Planning Grant	347.51			347.51
Burlington County Parks Grant	150,000.00			150,000.00
Delaware Valley Regional Planning	0.56			0.56
Total Local Grants	192,847.81	-	-	192,847.81
	<u>\$ 512,155.31</u>	<u>\$ 279,345.36</u>	<u>\$ 15,052.38</u>	<u>\$ 776,448.29</u>
Disbursed			<u>\$ 15,052.38</u>	
Original Budget		\$ 48,872.36		
Appropriation by 40A:4-87		230,473.00		
		<u>\$ 279,345.36</u>		

TOWNSHIP OF NEW HANOVER
FEDERAL AND STATE GRANT FUND
Statement of Due From Current Fund
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 137,341.47
Increased by:	
Receipts Collected by Current Fund On-behalf of Federal and State Grant Fund	<u>50,334.96</u>
	187,676.43
Decreased by:	
Disbursements Made by Current Fund On-behalf of Federal and State Grant Fund	<u>15,052.38</u>
Balance December 31, 2018	<u><u>\$ 172,624.05</u></u>

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF NEW HANOVER
Statement of Trust Cash
PER N.J.S.40A:5-5--CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2018

	Animal Control Fund	Trust Other Fund
Balance December 31, 2017	\$ 1,800.65	\$ 297,619.39
Increased by Receipts:		
Reserve for Animal Control Fund Expenditures	\$ 349.24	
Due State of NJ Department of Health	54.00	
Due to Current Fund	9.84	\$ 72,439.72
Due Current Fund - Interest		1,985.65
Net Payroll		294,968.72
Contra		67,897.83
Other Reserves:		
Reserve for Developers' Escrow Deposits		32,199.94
Reserve for MLETA		1,106.21
Reserve for Affordable Housing		3,819.81
Reserve for Municipal Alliance Program		111.74
Reserve for Payroll Deductions Payable		163,687.86
	<u>413.08</u>	<u>638,217.48</u>
	2,213.73	935,836.87
Decreased by Disbursements:		
Due State of NJ Department of Health	54.00	
Due to Current Fund	509.45	54,908.70
Net Payroll		294,968.72
Contra		67,897.83
Other Reserves:		
Reserve for Developers' Escrow Deposits		18,288.32
Reserve for MLETA		7.00
Reserve for Affordable Housing		14,210.18
Reserve for Municipal Alliance Program		2,853.05
Reserve for Payroll Deductions Payable		164,583.65
	<u>563.45</u>	<u>617,717.45</u>
Balance December 31, 2018	<u>\$ 1,650.28</u>	<u>\$ 318,119.42</u>

TOWNSHIP OF NEW HANOVER
ANIMAL CONTROL FUND
Statement of Reserve for Dog Fund Expenditures
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 1,255.20
Increased by:	
Dog License Fees Collected	<u>349.24</u>
	1,604.44
Decreased by:	
Statutory Excess--Due Current Fund	<u>478.44</u>
Balance December 31, 2018	<u><u>\$ 1,126.00</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2016	\$ 605.40
2017	<u>520.60</u>
	<u><u>\$ 1,126.00</u></u>

TOWNSHIP OF NEW HANOVER
ANIMAL CONTROL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 545.45
Increased by:		
Statutory Excess	\$ 478.44	
Interest	9.84	
	<u>488.28</u>	
		1,033.73
Decreased by:		
Disbursements:		
Interfund Loans Returned		<u>509.45</u>
Balance December 31, 2018		<u><u>\$ 524.28</u></u>

Exhibit SB-4

TRUST OTHER FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 25,302.73
Increased by:		
Receipts:		
Interfund Loans Received	\$ 72,439.72	
Interest Earnings	<u>1,985.65</u>	
	\$ 74,425.37	
Disbursements Made by Current Fund on Behalf of:		
MLETA	792.03	
Affordable Housing	<u>500.00</u>	
	<u>1,292.03</u>	
		<u>75,717.40</u>
		101,020.13
Decreased by:		
Disbursements:		
Interfund Loans Returned	54,908.70	
Collections Made By Current Fund on Behalf of:		
Affordable Housing	1,500.00	
Public Defender	2,895.00	
POAA	<u>9.18</u>	
		<u>59,312.88</u>
Balance December 31, 2018		<u><u>\$ 41,707.25</u></u>
<u>Analysis of Balance - Due to / (Due From)</u>		
Payroll		\$ 46,997.52
Escrow		188.57
Public Defender		(6,116.00)
POAA		(18.18)
Municipal Alliance		1.31
MLETA		692.03
Fire Fines		<u>(38.00)</u>
		<u><u>\$ 41,707.25</u></u>

TOWNSHIP OF NEW HANOVER
TRUST OTHER FUND
Statement of Trust Other Reserves
For the Year Ended December 31, 2018

<u>Reserve</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>		<u>Decreased</u>		<u>Balance Dec. 31, 2018</u>
		<u>Receipts</u>	<u>Collected in Current Fund</u>	<u>Disbursements</u>	<u>Disbursed by Current Fund</u>	
Reserve for Developers' Escrow Deposits	\$ 165,965.69	\$ 32,199.94		\$ 18,288.32		\$ 179,877.31
Reserve for Public Defender	2,669.00		\$ 2,895.00			5,564.00
Reserve for POAA	9.00		9.18			18.18
Reserve for MLETA	1,282.08	1,106.21		7.00	\$ 792.03	1,589.26
Reserve for Fire Safety	38.00					38.00
Reserve for Affordable Housing	92,467.55	3,819.81	1,500.00	14,210.18	500.00	83,077.18
Reserve for Municipal Alliance Program	13,149.24	111.74		2,853.05		10,407.93
Reserve for Net Payroll		294,968.72		294,968.72		
Reserve for Payroll Deductions Payable	895.79	163,687.86		164,583.65		
	<u>\$ 276,476.35</u>	<u>\$ 495,894.28</u>	<u>\$ 4,404.18</u>	<u>\$ 494,910.92</u>	<u>\$ 1,292.03</u>	<u>\$ 280,571.86</u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of General Capital Cash
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 3,196,897.57
Increased By:	
Receipts:	
Interest Earned	<u>293.25</u>
Balance December 31, 2018	<u><u>\$ 3,197,190.82</u></u>

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
 Analysis of Cash
 For the Year Ended December 31, 2018

		<u>Receipts</u>		<u>Transfers</u>	
		<u>Balance</u>			<u>Balance</u>
		<u>Dec. 31, 2017</u>	<u>Miscellaneous</u>	<u>From</u> <u>To</u>	<u>Dec. 31, 2018</u>
Capital Improvement Fund		\$ 1,483,892.11		\$ 45,000.00	\$ 1,438,892.11
Fund Balance		63.67			63.67
Farmland Preservation Fund		800,000.00			800,000.00
Due to Current Fund		529,288.45	\$ 293.25		\$ 132,739.79
Renovations to Township Owned Property		36,300.00			36,300.00
Improvement Authorizations:					
12-4/16-2	Nash Park & General Godfrey House Construction	177,273.48		127,542.86	49,730.62
13-2	Improvements to Municipal Property	47,826.31		1,559.93	46,266.38
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	62,315.00		3,637.00	58,678.00
18-9	Replacement of Required Firefighting and Protective Equipment				45,000.00
		<u>\$ 3,196,897.57</u>	<u>\$ 293.25</u>	<u>\$ 177,739.79</u>	<u>\$ 177,739.79</u>
					<u>\$ 3,197,190.82</u>

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation--Funded
For the Year Ended December 31, 2018

Balance December 31, 2017	\$ 70,768.30
Decreased by:	
Payment of Green Acres Loan	<u>5,273.49</u>
Balance December 31, 2018	<u><u>\$ 65,494.81</u></u>

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2017		Authorized	Expended	Balance Dec. 31, 2018	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
General Improvements:									
12-4/16-2	Nash Park & General Godfrey House Construction	06/12/12	\$ 225,000.00	\$ 177,273.48			\$ 127,542.86	\$ 49,730.62	
13-2	Improvements to Municipal Property	08/14/13	100,000.00	47,826.31			1,559.93	46,266.38	
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	62,315.00			3,637.00	58,678.00	
18-9	Replacement of Required Firefighting and Protective Equipment	12/11/18	45,000.00			\$ 45,000.00		45,000.00	
				<u>\$ 347,353.34</u>	<u>\$ -</u>	<u>\$ 45,000.00</u>	<u>\$ 132,739.79</u>	<u>\$ 259,613.55</u>	<u>\$ -</u>
Capital Improvement Fund						\$ 45,000.00			
Disbursed by Current Fund On-behalf of General Capital Fund							\$ 132,739.79		
						<u>\$ 45,000.00</u>	<u>\$ 132,739.79</u>		

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of Green Acres Loan Payable
For the Year Ended December 31, 2018

<u>Purpose</u>		<u>Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Paid By Budget Appropriation</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Cookstown Village	01-14-10	\$ 107,145.00	3-14-19	\$ 2,676.36	2.00%			
			9-14-19	2,703.12	2.00%			
			3-14-20	2,730.16	2.00%			
			9-14-20	2,757.46	2.00%			
			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>\$ 70,768.30</u>	<u>\$ 5,273.49</u>	<u>\$ 65,494.81</u>

TOWNSHIP OF NEW HANOVER
GENERAL CAPITAL FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 529,288.45
Increased by:		
Interest Earnings	\$ 293.25	
Payments of Improvement Authorizations Made by Current Fund		
On-behalf of General Capital Fund	<u>132,739.79</u>	
		<u>133,033.04</u>
Balance December 31, 2018		<u><u>\$ 662,321.49</u></u>

Exhibit SC-7

GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2018

Balance December 31, 2017		\$ 1,483,892.11
Decreased by:		
Appropriated to Fund Improvement Authorization		<u>45,000.00</u>
Balance December 31, 2018		<u><u>\$ 1,438,892.11</u></u>

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF NEW HANOVER
Schedule of Findings and Recommendations
For the Year Ended December 31, 2018

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

There are no current year findings.

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

There were no prior year findings.

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>
Dennis Roohr	Mayor	\$1,000,000.00(C)
Paul Peterla	Deputy Mayor	1,000,000.00(C)
Patrick Murphy	Committeeman	1,000,000.00(C)
Rick Koshak	Committeeman	1,000,000.00(C)
Yvonne Rigney	Committeewoman	1,000,000.00(C)
Dennis Roohr	Acting Township Administrator	12,500.00(A)
Donna Mull	Township Clerk	12,500.00(A)
Adelaide Gianaris	Deputy Township Clerk	1,000,000.00(C)
Dawn Mitchell	Collector and Tax Search Officer	75,000.00(A)
Dawn Robertson Emmons	Chief Financial Officer/Purchasing Agent	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	
Capehart & Scatchard	Solicitor	
Environmental Resolutions	Engineer	

(A) Western Surety Company

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

(C) Public Officials & Employment Practices Liability

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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. 3" or "R.P. Jr.", written in a cursive style.

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