

**TOWNSHIP OF LOWER ALLOWAYS CREEK
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2019**

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PART I
INDEPENDENT AUDITOR'S REPORT

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PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Lower Alloways Creek
501 Locust Road
Hancocks Bridge, New Jersey 08038

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Lower Alloways Creek, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township of Lower Alloways Creek's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Lower Alloways Creek as of December 31, 2019 and 2018, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 12 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$109,247.49 and \$89,687.37 for 2019 and 2018, respectively, were not audited and therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2019 and 2018, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2019, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2020, on our consideration of the Township of Lower Alloways Creek's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lower Alloways Creek's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

July 15, 2020

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CURRENT FUND

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EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
ASSETS			
Regular Fund			
Cash - Treasurer	A-4	\$ 2,541,849.75	\$ 1,179,525.18
Cash - Change Fund	A-6	350.00	350.00
Investments - Treasurer	A-7	3,000,000.00	3,000,000.00
		<u>5,542,199.75</u>	<u>4,179,875.18</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	34,522.77	34,104.37
Tax Title Liens Receivable	A-9	27,779.94	25,355.59
Property Acquired in Lieu of Taxes	A-10	103,430.00	103,430.00
Sewer Rents and Connection Fees Receivable	A-11	41,938.94	48,795.75
Sewer Liens Receivable	A-12	7,291.34	7,940.96
Due from Animal Control Trust Fund	B	762.23	541.23
Due from Trust Other	B	5,799.05	58.84
Revenue Accounts Receivable	A-13	1,236.86	1,007.76
		<u>222,761.13</u>	<u>221,234.50</u>
		<u>5,764,960.88</u>	<u>4,401,109.68</u>
Federal and State Grant Fund			
Due from Current Fund	A	202,816.51	707,375.41
Federal and State Grants Receivable			100,075.45
		<u>202,816.51</u>	<u>807,450.86</u>
		<u>\$ 5,967,777.39</u>	<u>\$ 5,208,560.54</u>

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A
(Continued)

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
LIABILITIES, RESERVES, AND FUND BALANCE			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-15	\$ 723,785.56	\$ 718,188.11
Encumbrances Payable	A-19	1,843,437.27	1,809,996.13
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	16,007.93	15,458.61
Due State of New Jersey - DCA Fees		637.00	1,853.00
Prepaid Taxes	A-5	66,100.25	60,209.97
Tax Overpayments		3,643.12	2,071.30
Sewer Overpayments		2,185.71	225.00
Due Grant Fund	A	202,816.51	707,375.41
Reserve for Service Bonus			26,326.87
		<u>2,858,613.35</u>	<u>3,341,704.40</u>
Reserve for Receivables		222,761.13	221,234.50
Fund Balance	A-1	2,683,586.40	838,170.78
		<u>5,764,960.88</u>	<u>4,401,109.68</u>
Federal and State Grant Fund			
Encumbrances Payable	A-19	1,252.86	
Reserve for Grants - Appropriated	A-17	177,262.91	757,381.57
Reserve for Grants - Unappropriated	A-18	24,300.74	50,069.29
		<u>202,816.51</u>	<u>807,450.86</u>
		<u>\$ 5,967,777.39</u>	<u>\$ 5,208,560.54</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND - REGULATORY BASIS

	Ref.	Year 2019	Year 2018
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$ 693,139.00	\$ 525,000.00
Miscellaneous Revenue Anticipated	A-2	9,860,150.20	10,111,428.44
Receipts from Delinquent Taxes	A-2	38,628.57	36,412.74
Receipts from Current Taxes	A-2	3,316,951.77	3,483,053.62
Non-Budget Revenue	A-2	107,092.30	122,929.94
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	629,326.41	351,580.15
Grant Reserves Canceled	A-17	531,722.39	
Encumbrances Payable - Canceled	A-19	7,575.39	30,407.69
Interfund Loan Returned			15,000.00
Total Income		15,184,586.03	14,675,812.58
Expenditures			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,441,950.00	2,412,373.00
Other Expenses	A-3	2,887,448.00	2,919,350.00
Deferred Charges and Statutory Expenditures	A-3	572,443.00	572,023.00
Budget Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	63,069.29	1,127,411.70
Transfer to Board of Education	A-3	3,292,016.00	3,292,016.00
County Taxes	A-8	3,346,953.49	3,517,603.11
Due County for Added Taxes	A-8	9,665.24	6,020.88
Prior Year Deductions Disallowed			250.00
Interfund loans		614.45	
Grant Receivable Canceled	A-16	30,794.37	
Refund Prior Year Revenue	A-4	1,077.57	521.00
Total Expenditures		12,646,031.41	13,847,568.69
Excess in Revenue		2,538,554.62	828,243.89
Fund Balance			
Balance January 1	A	838,170.78	534,926.89
		3,376,725.40	1,363,170.78
Decreased by:			
Utilization as Anticipated Revenue	A-1	693,139.00	525,000.00
Balance December 31	A	\$ 2,683,586.40	\$ 838,170.78

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 693,139.00	\$ 693,139.00	
Miscellaneous Revenues:				
Fines and Costs:				
Municipal Court	A-13	15,000.00	13,239.54	\$ (1,760.46)
Interest on Investments and Deposits	A-13	2,700,000.00	3,959,114.57	1,259,114.57
Police Agreement	A-13	101,826.00	104,371.00	2,545.00
Trash Agreement	A-13	247,690.00	232,311.67	(15,378.33)
Leisure Arms Rentals	A-13	155,000.00	159,121.34	4,121.34
Sewer Rents	A-13	194,000.00	207,512.51	13,512.51
Fuel Reimbursements	A-13	22,000.00	19,382.28	(2,617.72)
Energy Receipts Tax	A-13	5,000,361.00	5,000,361.00	
Garden State Trust Preservation - PILOT	A-13	35,841.00	35,841.00	
Uniform Construction Code Fees	A-13	30,000.00	50,330.00	20,330.00
Senior Citizen Lunch Program	A-13	25,000.00	28,496.00	3,496.00
Clean Communities	A-16	8,269.62	8,269.62	
Senior Citizen and Disabled Resident Transportation Grant	A-16	41,799.67	41,799.67	
Total Miscellaneous Revenues		8,576,787.29	9,860,150.20	1,283,362.91
Receipts from Delinquent Taxes	A-2	29,000.00	38,628.57	9,628.57
Budget Totals		9,298,926.29	10,591,917.77	1,292,991.48
Non-Budget Revenues:				
From "Allocation of Current Tax Collections"	A-2		2,333.04	
Other Non-Budget Revenue	A-2		107,092.30	
		\$ 9,298,926.29	\$ 10,701,343.11	
	Ref.	A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized Revenue

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-8	\$ 3,316,951.77
Allocated to:		
County Taxes	A-8	3,356,618.73
Deficiency Supported by Municipal Revenue		(39,666.96)
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	42,000.00
Amount Added to Non-Budget Revenue	A-2	\$ 2,333.04
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-8	\$ 33,020.28
Tax Title Liens	A-9	5,608.29
	A-2	\$ 38,628.57

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-13	\$ 26,055.84
Interest and Costs on Taxes/Sewer	A-13	15,411.42
Bulk Stickers	A-13	2,558.00
Clerk Licenses	A-13	3,999.68
Planning & Zoning Fees	A-13	450.00
Recycling	A-13	1,281.30
Historical Books	A-13	15.00
Mobile Home Fees	A-13	2,000.00
Court Agreement	A-13	4,720.06
Zoning Housing Fee	A-13	1,230.00
Boat Passes	A-13	7,452.00
Miscellaneous	A-13	41,919.00
	A-2	\$ 107,092.30

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT				
Purchasing Department				
Salaries & Wages	\$ 40,600.00	\$ 40,600.00	\$ 40,593.00	\$ 7.00
Postage	2,500.00	2,500.00		2,500.00
Other Expenses	3,500.00	3,500.00	3,353.50	146.50
Mayor and Township Committee				
Salaries & Wages	39,700.00	39,700.00	38,675.09	1,024.91
Other Expenses	900.00	5,900.00	771.00	5,129.00
Township Clerk				
Salaries & Wages	80,000.00	80,000.00	79,709.00	291.00
Printing and Legal Advertising	1,500.00	1,500.00	1,419.05	80.95
Other Expenses	15,100.00	20,100.00	14,703.83	4,646.97
Financial Administration				
Salaries & Wages	40,600.00	40,600.00	40,593.00	7.00
Other Expenses	41,800.00	43,800.00	41,672.25	262.75
Audit Services				
Other Expenses	15,000.00	15,000.00	15,000.00	
Revenue Administration (Tax Collection)				
Salaries & Wages	22,200.00	22,200.00	22,137.00	63.00
Other Expenses	6,250.00	7,250.00	7,224.18	25.82
Tax Assessment Administration				
Salaries & Wages	18,750.00	18,750.00	18,727.00	23.00
Other Expenses	2,400.00	2,400.00	1,180.92	949.25
Legal Services & Costs				
Other Expenses	17,000.00	15,000.00	10,882.10	3,272.60
Engineering Services & Costs				
Other Expenses	2,100.00	2,100.00	1,608.50	348.20

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
MUNICIPAL COURT FUNCTIONS					
Municipal Court	28,000.00	28,000.00	23,616.14		4,383.86
Salaries & Wages	2,800.00	2,800.00	997.79	440.55	1,361.66
Other Expenses					
Public Defender	1,000.00	1,000.00	725.00		275.00
Other Expenses					
LAND USE ADMINISTRATION					
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board	5,200.00	5,200.00	5,187.00		13.00
Salaries & Wages	1,400.00	1,400.00	386.86		1,013.14
Other Expenses					
Zoning Board of Adjustment	5,000.00	5,000.00	4,965.00		35.00
Salaries & Wages					
INSURANCE					
Self-Insurance Program	60,365.00	60,365.00	56,156.65		4,208.35
Worker's Compensation Insurance	113,033.00	113,033.00	113,033.00		
Group Plans for Employees	1,590,000.00	1,537,300.00	1,110,460.93	289.95	426,549.12
Unemployment Compensation Insurance	9,200.00	9,200.00	7,622.10		1,577.90
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries & Wages	1,320,000.00	1,320,000.00	1,256,588.81		63,411.19
Other Expenses	98,000.00	98,000.00	27,302.69	59,964.88	10,732.43
Police Radio and Communications					
Other Expenses	39,800.00	39,800.00	39,795.30		4.70
Office of Emergency Management					
Salaries & Wages	8,750.00	9,250.00	8,743.02		506.98
Other Expenses	3,000.00	3,000.00	1,615.81		1,384.19
Fire					
Other Expenses	25,000.00	25,000.00	19,011.92	4,766.00	1,222.08
Fire Inspection					
Salaries & Wages	2,150.00	2,250.00	2,181.50		68.50
Rescue					
Other Expenses	19,300.00	19,300.00	9,246.98	110.70	9,942.32
Municipal Prosecutor					
Other Expenses	9,000.00	9,000.00	6,374.97	2,125.03	500.00

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
PUBLIC WORKS FUNCTIONS					
Supervision of Public Works					
Salaries & Wages	84,000.00	84,000.00	83,640.00		360.00
Other Expenses	2,000.00	2,000.00	1,359.09		640.91
Road Repairs & Maintenance					
Salaries & Wages	560,000.00	560,000.00	524,615.39		35,384.61
Other Expenses					
Miscellaneous Other Expenses	41,000.00	41,000.00	26,609.55	4,474.12	9,916.33
Municipal Garage	102,000.00	117,000.00	93,060.31	11,305.52	12,634.17
Solid Waste Collection					
Salaries & Wages	106,000.00	103,000.00	89,286.76		13,713.24
Other Expenses	1,500.00	1,500.00	432.10		1,067.90
Public Buildings & Grounds					
Other Expenses	76,700.00	76,700.00	54,657.52	13,527.46	8,515.02
Mosquito Control					
Other Expenses	3,000.00				
HEALTH AND HUMAN SERVICES					
Dog Regulation					
Other Expenses	16,000.00	16,000.00	4,051.00	6,100.00	5,849.00
Tidelands License and Lease Fee					
Other Expenses	6,400.00	6,400.00	6,317.00		83.00
PARK AND RECREATION FUNCTIONS					
Farmland Preservation Program					
Parks & Playgrounds					
Other Expenses	2,000.00	2,000.00	760.00		1,240.00
Historical Sites					
Other Expenses	4,000.00	4,000.00	1,971.66	205.00	1,823.34

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
OTHER COMMON OPERATING FUNCTIONS					
Housing Program	14,000.00	14,000.00	13,942.29		57.71
Other Expenses					
Senior Citizen Lunch Program	48,000.00	50,000.00	49,620.55		379.45
Salaries & Wages	30,500.00	33,500.00	29,263.05		4,236.95
Other Expenses					
Celebration of Public Event, Anniversary or Holiday	4,000.00	4,000.00	1,742.11		2,257.89
Other Expenses					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	94,000.00	94,000.00	83,318.30		10,681.70
Street Lighting	37,000.00	37,000.00	36,523.02		476.98
Telephone	39,500.00	39,500.00	34,733.64		4,766.36
Heating Oil	36,000.00	36,000.00	26,229.49	5,358.09	4,412.42
Sewer System					
Salaries & Wages	4,500.00	4,500.00	4,351.00		149.00
Other Expenses	120,000.00	145,000.00	119,243.48	21,171.85	4,584.67
Gasoline	115,000.00	115,000.00	81,036.87	11,412.99	22,550.14
LANDFILL AND SOLID WASTE DISPOSAL COSTS					
Solid Waste Disposal Costs	55,000.00	61,000.00	53,295.60		7,704.40
UNIFORM CONSTRUCTION CODE -					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (NJAC 5:23-4.17)					
State Uniform Construction Code					
Construction Official	17,500.00	19,500.00	16,541.01		2,958.99
Salaries & Wages	1,600.00	1,600.00	527.00		1,073.00
Other Expenses					
Plumbing Inspection	2,450.00	2,550.00	2,436.50		113.50
Salaries & Wages					
Electrical Sub Code Official	6,850.00	6,850.00	6,834.00		16.00
Salaries & Wages					
Total Operations Within "CAPS"	5,327,398.00	5,327,398.00	4,478,659.18	145,124.77	703,614.05
Contingent	2,000.00	2,000.00			2,000.00
Total Operations Including Contingent	5,329,398.00	5,329,398.00	4,478,659.18	145,124.77	705,614.05
Detail:					
Salaries & Wages	2,440,250.00	2,441,950.00	2,319,040.77		122,909.23
Other Expenses	2,889,148.00	2,887,448.00	2,159,618.41	145,124.77	582,704.82

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Contribution to:				
Public Employees' Retirement System	123,824.00	123,824.00	123,824.00	
Social Security System (OASI)	180,000.00	180,000.00	170,061.95	9,938.05
Police and Firemen's Retirement System of NJ	268,619.00	268,619.00	268,601.00	18.00
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	572,443.00	572,443.00	562,486.95	9,956.05
Total General Appropriations for Municipal Purposes Within "CAPS"	5,901,841.00	5,901,841.00	5,041,146.13	715,570.10
LANDFILL AND SOLID WASTE DISPOSAL COSTS				
Recycling Tax				
Other Expenses	5,000.00	5,000.00	4,784.54	215.46
PUBLIC SAFETY FUNCTIONS				
Length of Service Awards Program (P.L. 1997, c.388)	8,000.00	8,000.00		8,000.00
Total Other Operations - Excluded from "CAPS"	13,000.00	13,000.00	4,784.54	8,215.46
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES				
Senior Citizen/Disabled Resident Transportation Grant	41,799.67	41,799.67	41,799.67	
Clean Communities Program	8,269.62	8,269.62	8,269.62	
Total Public and Private Programs Offset by Revenues - Excluded from "CAPS"	50,069.29	50,069.29	50,069.29	
Total Operations Excluded from "CAPS"	63,069.29	63,069.29	54,853.83	8,215.46

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved
Salaries and Wages	63,069.29	63,069.29	54,853.83	8,215.46
Other Expenses				
Transferred to Board of Education for Use of Local Schools (NJSA 40:46-17.1 & 17.3)	3,292,016.00	3,292,016.00	1,646,216.00	1,645,800.00
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,355,085.29	3,355,085.29	1,701,069.83	1,645,800.00
Subtotal General Appropriations	9,256,926.29	9,256,926.29	6,742,215.96	723,785.56
42,000.00		42,000.00	42,000.00	
RESERVE FOR UNCOLLECTED TAXES				
TOTAL GENERAL APPROPRIATIONS	\$ 9,298,926.29	\$ 9,298,926.29	\$ 6,784,215.96	\$ 723,785.56

Ref.

A-2

A-3

A-19

A

Ref.

Reserve for Federal and State Grants

Reserve for Uncollected Taxes

Disbursed

\$

50,069.29

42,000.00

6,692,146.67

\$ 6,784,215.96

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TRUST FUND

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EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
ASSETS			
Animal Control Trust Fund			
Cash - Treasurer	B-1	\$ 4,598.23	\$ 2,161.23
LOSAP (Unaudited)			
Investments		109,247.49	89,687.37
Trust Other Funds			
Cash - Treasurer	B-1	11,208,620.55	1,966,575.52
Investments	B-2	10,235,611.48	19,506,925.04
		21,444,232.03	21,473,500.56
		\$ 21,558,077.75	\$ 21,565,349.16
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund			
Due to Current Fund	A	\$ 762.23	\$ 541.23
Due State		132.00	195.60
Reserve for Animal Control Fund Expenditures	B-3	3,704.00	1,424.40
		4,598.23	2,161.23
LOSAP (Unaudited)			
Reserve for LOSAP Benefits		109,247.49	89,687.37
Trust Other Funds			
Due to Current Fund	A	5,799.05	58.84
Reserve for Escrow	B-4	4,036.63	8,993.09
Reserve for Self-Insurance Fund	B-4	21,362,495.68	21,430,211.68
Reserve for Tax Sale Redemption	B-4	2,200.00	
Reserve for Tax Sale Redemption	B-4	204.97	3,542.77
Reserve for Municipal Drug Alliance Funds	B-4	8,587.46	8,587.46
Reserve for Uniform Fire Safety	B-4	21,024.62	12,524.62
Reserve for Leisure Arms	B-4	7,797.91	7,873.00
Reserve for Public Defender Fees	B-4	867.65	867.65
Reserve for Accumulated Absences	B-4	26,326.87	
Reserve for Planning Board Escrow	B-4	4,891.19	841.45
		21,444,232.03	21,473,500.56
		\$ 21,558,077.75	\$ 21,565,349.16

The accompanying notes to the financial statements are an integral part of this statement.

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GENERAL CAPITAL FUND

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EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
ASSETS			
Cash - Treasurer	C-1	\$ 7,413,736.10	\$ 7,623,451.70
Investments	C-2	30,130,755.23	30,207,122.09
Grants Receivable		123,756.92	
		<u>\$ 37,668,248.25</u>	<u>\$ 37,830,573.79</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Encumbrances Payable	C-6	\$ 219,103.74	\$ 480,191.21
Capital Improvement Fund	C-4	36,593,730.46	37,023,730.46
Improvement Authorizations - Funded	C-5	855,414.05	326,652.12
		<u>\$ 37,668,248.25</u>	<u>\$ 37,830,573.79</u>

The accompanying notes to the financial statements are an integral part of this statement.

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GENERAL FIXED ASSETS ACCOUNT GROUP

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EXHIBIT D

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Land	\$ 771,565.36	\$ 771,565.36
Buildings and Improvements	2,125,504.00	2,125,504.00
Equipment	5,470,810.08	5,065,963.40
	<u>\$ 8,367,879.44</u>	<u>\$ 7,963,032.76</u>
Investment in General Fixed Assets	<u>\$ 8,367,879.44</u>	<u>\$ 7,963,032.76</u>

The accompanying notes to the financial statements are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS
(Regulatory Basis)

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TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Lower Alloways Creek included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Lower Alloways Creek, as required by NJSA 40A:5-5.

The Township of Lower Alloways Creek was incorporated in 1798 and is located in Salem County, New Jersey. The Township of Lower Alloways Creek is primarily a rural area 45 square miles in size and the population according to the 2010 census is 1,770.

The form of government is known as a Township pursuant to NJSA 40A:63-1 et seq. The government consists of five (5) Committee Members who are elected at large to three (3) year staggered terms. The Mayor is elected from and by the Members of the Committee and serves a one (1) year term. Under the statutes, the Mayor is the head of the government and has executive powers not assigned to the Mayor.

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

B. Description of Funds and Account Groups

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

Current Fund - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

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

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Payroll/Payroll Agency Account - Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

General Fixed Assets - To account for fixed assets used in governmental operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differs in certain respects from generally accepted accounting principles applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from federal and state grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes and sewer rents are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned, net of allowances for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq. The municipality is responsible for remitting 100% of the county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

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

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Lower Alloways Creek School District, if any is required. For 2019 and prior years, the governing body has chosen to appropriate sufficient funds in the municipal budget for transfers to the Board of Education to eliminate the need for a local school tax.

Cash - 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. Consequently, unrealized gains or losses on investments have not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America inter-funds are not reserved.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

General Fixed Assets - In accordance with NJAC 5:30-5.6 accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed assets accounting and reporting system.

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available, except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$5,000.00.

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

No depreciation has been provided for in the financial statements.

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

General Long-Term Debt - General Long-Term Debt is accounted for in the General Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

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

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Comparative Data

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

E. Recent Accounting Pronouncements Adopted

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

F. Recent Effective Accounting Pronouncements Postponed by Statement No. 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement, originally effective for periods beginning after June 15, 2018, is postponed until June 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This Statement, originally effective for periods beginning after June 15, 2018, is postponed until June 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61." This Statement, originally effective for periods beginning after December 15, 2018, is postponed until December 15, 2019, and will not have any effect on financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Recent Effective Accounting Pronouncements Postponed by Statement No. 95 (Continued)

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

G. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2: BUDGETARY INFORMATION

The Township must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2019 and 2018 statutory budgets included a reserve for uncollected taxes in the amount of \$42,000.00 and \$41,783.77, respectively. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. There were no budget amendments during the year.

NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents.

At December 31, 2019 and 2018, the carrying amount of the Township's deposits were \$21,169,018.56 and \$10,772,063.63, respectively. As of December 31, 2019 and 2018, \$0 of the municipality's bank balance of \$21,204,083.45 and \$7,793,357.92, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

Custodial Credit Risk - Investments

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are considered to be exposed to Custodial Credit Risk if they are: uninsured, are not registered in the name of the Township, and are held by either the counterparty or the counterparty's trust department or agent but not in the government's name. None of the Township's \$43,366,366.71 investments in Government Bonds are held by the counterparty.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4: INVESTMENTS (CONTINUED)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes to limit the exposure of governmental units to credit risk.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

As of December 31, 2019, the Township had the following investments and maturities:

Investment	Maturities	Amortized Cost	Fair Value
U.S. TSY Inflation Index	1/15/2021	\$ 8,021,978.48	\$ 9,503,073.42
U.S. Treasury Bonds	2/15/2042	5,005,685.47	5,913,726.45
NJ State Turnpike	1/1/2040	7,103,091.28	7,843,300.00
New Brunswick NJ Parking Authority	9/1/2031	5,000,000.00	5,198,150.00
NJ State Transportation Trust Fund	12/15/2028	5,000,000.00	5,194,700.00
Port Authority of NY & NJ	10/1/2062	3,000,000.00	3,676,800.00
NJEDA St Pension	2/15/2029	1,982,859.31	2,507,460.00
NJEDA St Pension	2/15/2029	2,981,004.80	3,761,190.00
NJEDA St Pension	2/15/2029	1,271,747.37	1,578,446.07
Cumberland Co. NJ Impr. Series B	4/15/2020	4,000,000.00	4,037,160.00
		<u>\$ 43,366,366.71</u>	<u>\$ 49,214,005.94</u>

Unaudited Investments:

As more fully described in Note 12, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Township. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln National Life Insurance Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the accounts on December 31, 2019 and 2018, amounted to \$109,247.49 and \$89,687.37, respectively. The information on 5% or more invested with Variable Annual Life Insurance Company is not yet available.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 5: RISK MANAGEMENT

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Employee health and accident insurance and public official bonds are provided through commercial insurance.

The Township has adopted a plan of self-insurance for general liability coverage. Plan reserves are charged for premium costs for commercial liability coverage as well as funding policy deductibles. In addition, the Township has elected to self-insure all equipment with a value less than \$25,000.00. The balance in the self-insurance fund at December 31, 2019 and 2018, was \$21,362,495.68 and \$21,430,211.68, respectively. The Township maintains excess liability insurance for buildings and content with a \$5,000.00 deductible and \$1,000,000.00 excess liability insurance for automobiles with a \$1,000.00 deductible.

NOTE 6: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year
	2019	\$ 2,683,586.40	\$ 1,523,401.86
	2018	838,170.78	693,139.00
Current Fund	2017	534,926.89	525,000.00
	2016	798,434.53	764,446.00
	2015	686,736.76	661,084.00

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2019.

	Due From	Due To
Current Fund		
Animal Control Trust	\$ 762.23	
Trust Other	5,799.05	
Federal and State Grant Fund		\$ 202,816.51
Federal and State Grant Fund		
Current Fund	202,816.51	
Animal Control Trust Fund		
Current Fund		762.23
Trust Other		
Current Fund		5,799.05
	<u>\$ 209,377.79</u>	<u>\$ 209,377.79</u>

Interfunds were created due to interest on trust funds and no separate bank account for grants.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8: ACCUMULATED ABSENCE BENEFITS

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. The liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Township and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Township and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Employees of the Township are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. Employees are represented by labor unions and each contract contains different provisions for employee-compensated absences. The total value of compensated absences owed to employees as of December 31, 2019 and 2018, was \$70,963.25 and \$68,217.18, respectively.



NOTE 9: DEFERRED COMPENSATION PLAN

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 17: PENSION FUNDS (CONTINUED)

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.dob.state.nj.us/pension>.

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 22: COMMITMENTS AND CONTINGENCIES

The Township participates in federal and state assisted grant programs. The Township is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the Township of Lower Alloways Creek Counsel's opinion there exists no litigation or contingent liability that may be pending against the Township of Lower Alloways Creek that would have an adverse effect on the financial position in the future.

NOTE 23: SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and July 15, 2020, the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the collection of certain anticipated revenues, such as licenses, fees and permits, and municipal court fees. Other financial impact could occur though such potential impact is unknown at this time.

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**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68 & GASB 71)**

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SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
Last Six Fiscal Years

	Year Ended					
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0115782225%	0.0124359000%	0.0140320546%	0.0135112483%	0.0142520027%	0.0139774401%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,086,220	\$ 2,448,567	\$ 3,266,438	\$ 4,001,644	\$ 3,199,289	\$ 2,616,959
Township's Covered-Employee Payroll	857,950	836,683	946,468	958,499	978,273	994,925
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	243.16%	292.65%	345.12%	417.49%	327.03%	263.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.59%	48.10%	40.14%	47.92%	52.08%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS
Last Six Fiscal Years

	Year Ended					
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 112,622	\$ 123,697	\$ 129,992	\$ 120,032	\$ 122,529	\$ 115,228
Contributions in Relation to the Contractually Required Contribution	112,622	123,697	129,992	120,032	122,529	115,228
Contribution Deficiency (Excess)	None	None	None	None	None	None
Township's Covered-Employee Payroll	\$ 857,950	\$ 836,683	\$ 946,468	\$ 958,499	\$ 978,273	\$ 994,925
Contributions as a Percentage of Covered-Employee Payroll	13.13%	14.78%	13.73%	12.52%	12.53%	11.58%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Last Six Fiscal Years

	Year Ended					
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0268684440%	0.0274742221%	0.0295608524%	0.0259225411%	0.0271584881%	0.0267677750%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,288,111	\$ 3,717,715	\$ 4,563,624	\$ 4,951,868	\$ 4,523,657	\$ 3,367,138
Township's Covered-Employee Payroll	983,910	833,277	962,603	928,906	810,564	833,324
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	334.19%	446.16%	474.09%	533.09%	558.09%	404.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.99%	62.47%	58.60%	52.01%	56.30%	62.41%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PFRS
Last Six Fiscal Years

	Year Ended					
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 271,401	\$ 268,601	\$ 261,619	\$ 211,357	\$ 220,758	\$ 205,595
Contributions in Relation to the Contractually Required Contribution	271,401	268,601	261,619	211,357	220,758	205,595
Contribution Deficiency (Excess)	None	None	None	None	None	None
Township's Covered-Employee Payroll	\$ 983,910	\$ 833,277	\$ 962,603	\$ 928,906	\$ 810,564	\$ 833,324
Contributions as a Percentage of Covered-Employee Payroll	27.58%	32.23%	27.18%	22.75%	27.24%	24.67%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Special Funding Situation
Last Six Fiscal Years

	Year Ended					
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0268684440%	0.0274742221%	0.0295608524%	0.0259225411%	0.0271584881%	0.0267677750%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 519,199	\$ 504,990	\$ 511,164	\$ 415,834	\$ 396,710	\$ 362,584
Township's Covered-Employee Payroll	983,910	833,277	962,603	928,906	810,564	833,324
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	52.77%	60.60%	53.10%	44.77%	48.94%	43.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.99%	62.47%	58.60%	52.01%	56.30%	62.41%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the Township.

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of the additional costs incurred by local employers under 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.

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PFRS
Special Funding Situation
Last Six Fiscal Years

	Year Ended					
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 34,983	\$ 29,908	\$ 25,560	\$ 15,934	\$ 20,651	\$ 15,056
Contributions in Relation to the Contractually Required Contribution	34,983	29,908	25,560	15,934	20,651	15,056
Contribution Deficiency (Excess)	None	None	None	None	None	None
Township's Covered-Employee Payroll	\$ 983,910	\$ 833,277	\$ 962,603	\$ 928,906	\$ 810,564	\$ 833,324
Contributions as a Percentage of Covered-Employee Payroll	3.56%	3.59%	2.66%	1.72%	2.55%	1.81%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTARY INFORMATION

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PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
-CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

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

Honorable Mayor and Members
of the Township Committee
Township of Lower Alloways Creek
501 Locust Road
Hancocks Bridge, New Jersey 08038

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis of the Township of Lower Alloways Creek, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township of Lower Alloways Creek's basic financial statements, and have issued our report thereon dated July 15, 2020, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the LOSAP financial statements as part of the audit of the Township of Lower Alloways Creek's financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Lower Alloways Creek's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Lower Alloways Creek's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Lower Alloways Creek'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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Recommendations that we consider to be a significant deficiency as item 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Recommendations as item 2019-001.

Township's Response to Finding

The Township's response to the finding identified in our audit in the accompanying Schedule of Findings and Recommendations will be addressed in their corrective action plan.

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

July 15, 2020

CURRENT FUND

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SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund
Balance December 31, 2018	A	<u>\$ 1,179,525.18</u>
Increased by Receipts:		
Tax Collector	A-5	3,561,966.37
Revenue Accounts Receivable	A-13	9,694,249.28
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	24,549.32
Grants Unappropriated	A-18	24,300.74
County Energy Receipts Tax		2,195,000.00
Payroll Taxes Payable		919,891.27
DCA Fees		2,840.00
Petty Cash		1,100.00
		<u>16,423,896.98</u>
		<u>17,603,422.16</u>
Decreased by Disbursements:		
Budget Appropriations	A-3	6,692,146.67
Appropriation Reserves	A-15	77,814.18
Encumbrances Payable	A-19	1,760,955.76
Reserve for Grants - Appropriated	A-17	27,931.62
County Taxes	A-8	3,290,522.44
County Open Space Taxes	A-8	56,431.05
Due County Added & Omitted Taxes	A-8	9,665.24
County Energy Receipts Tax		2,195,000.00
Due to Trust Other		26,580.60
Due Animal Control Trust		200.28
DCA Fees		4,056.00
Refund Prior Year Revenue	A-1	1,077.57
Payroll Taxes Payable		918,091.00
Petty Cash		1,100.00
		<u>15,061,572.41</u>
Balance December 31, 2019	A	<u><u>\$ 2,541,849.75</u></u>

SCHEDULE OF CURRENT FUND CASH - COLLECTOR

	Ref.		
Increased by Receipts:			
Taxes Receivable	A-8	\$ 3,263,690.78	
Prepaid Taxes	A	66,100.25	
Tax Title Liens	A-9	5,608.29	
Overpayments		3,643.12	
Revenue Accounts Receivable	A-13	<u>222,923.93</u>	
			\$ 3,561,966.37
Decreased by Disbursements:			
Transfers to Treasurer	A-4		<u>3,561,966.37</u>

SCHEDULE OF CHANGE FUND

	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Municipal Clerk	\$ 50.00	\$ 50.00
Tax Collector	100.00	100.00
Municipal Court	150.00	150.00
Assistant Treasurer	50.00	50.00
	<u>\$ 350.00</u>	<u>\$ 350.00</u>
Ref.	A	A

EXHIBIT A-7

SCHEDULE OF CURRENT FUND INVESTMENTS - TREASURER

Balance December 31, 2018	Ref. A	<u>\$ 3,000,000.00</u>
Balance December 31, 2019	A	<u>\$ 3,000,000.00</u>

Schedule of Investments December 31, 2019

Port Authority of NY & NJ	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
	9/28/2012	10/1/2062	4.458%	\$ 3,676,800.00	\$ 3,000,000.00

EXHIBIT A-8

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2018	Levy	Added Taxes	Collected	Overpayment Applied	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2019
2018	\$ 34,104.37		\$ 566.83	\$ 33,020.28		\$ 9.48	\$ 1,533.91	\$ 107.53
2019	34,104.37	\$ 3,357,568.96	566.83	33,020.28	\$ 2,071.30	9.48	1,533.91	107.53
				3,254,670.50			6,201.95	34,415.24
Ref.	\$ 34,104.37	\$ 3,357,568.96	\$ 566.83	\$ 3,287,690.78	\$ 2,071.30	\$ 9.48	\$ 7,735.86	\$ 34,522.77
	A						A-9	A
Cash - Collector								
Due State of New Jersey				Ref.				
				A-5	\$ 3,263,690.78			
				A-14	24,000.00			
					\$ 3,287,690.78			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax	\$	7,099.42	
General Property Tax		<u>3,341,371.13</u>	
	\$	3,348,470.55	
Added Taxes (54:4-63.1 et seq.)		<u>9,098.41</u>	
			<u>\$ 3,357,568.96</u>

Tax Levied

County Taxes:			
County Tax (Abstract)	\$	3,290,522.44	
Due County for Open Space		56,431.05	
Due County for Added Taxes (54:4-63.1 et seq.)		<u>9,665.24</u>	
Total County Taxes	\$	3,356,618.73	
Add: Additional Taxes Levied		<u>950.23</u>	
		<u>950.23</u>	
			<u>\$ 3,357,568.96</u>

EXHIBIT A-9

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2018	Ref. A		\$ 25,355.59
Increased by:			
Transfers from Taxes Receivable	A-8	\$ 7,735.86	
Interest and Costs on Tax Sale		296.78	
			<u>8,032.64</u>
			33,388.23
Decreased by:			
Cash Receipts	A-5		<u>5,608.29</u>
Balance December 31, 2019	A		<u>\$ 27,779.94</u>

EXHIBIT A-10

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2018	Ref. A	<u>\$ 103,430.00</u>
Balance December 31, 2019	A	<u>\$ 103,430.00</u>

EXHIBIT A-11

SCHEDULE OF SEWER RENTS AND CONNECTION FEES RECEIVABLE

Balance December 31, 2018	Ref. A		\$ 48,795.75
Increased by:			
Sewer Rents Levied			200,456.08
			<u>249,251.83</u>
Decreased by:			
Cash Receipts	A-13	\$ 204,162.89	
Deduction Allowed		450.00	
Transfer to Liens	A-12	2,700.00	
			<u>207,312.89</u>
Balance December 31, 2019	A		<u><u>\$ 41,938.94</u></u>

EXHIBIT A-12

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance December 31, 2018	Ref. A		\$ 7,940.96
Increased by:			
Transfers from Taxes Receivable	A-11		2,700.00
			<u>10,640.96</u>
Decreased by:			
Cash Receipts	A-13		3,349.62
			<u>7,291.34</u>
Balance December 31, 2019	A		<u><u>\$ 7,291.34</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance		Collected		Balance
	Dec. 31, 2018	Accrued	Treasurer	Collector	Dec. 31, 2019
Miscellaneous Revenue Anticipated					
Fines and Costs:					
Municipal Court	\$ 1,007.76	\$ 13,468.64	\$ 13,239.54		\$ 1,236.86
Interest on Investments and Deposits		3,959,114.57	3,959,114.57		
Police Agreement		104,371.00	104,371.00		
Trash Agreement		232,311.67	232,311.67		
Leisure Arms Rentals		159,121.34	159,121.34		
Sewer Rents		207,512.51		\$ 207,512.51	
Fuel Reimbursements		19,382.28	19,382.28		
Energy Receipts Tax		5,000,361.00	5,000,361.00		
Garden State Trust Preservation		35,841.00	35,841.00		
Uniform Construction Code Fees		50,330.00	50,330.00		
Senior Citizen Lunch Program		28,496.00	28,496.00		
Miscellaneous Revenue Not Anticipated					
Refunds		26,055.84	26,055.84		
Interest and Costs on Taxes/Sewer		15,411.42		15,411.42	
Bulk Stickers		2,558.00	2,558.00		
Clerk Licenses		3,999.68	3,999.68		
Planning & Zoning Fees		450.00	450.00		
Recycling		1,281.30	1,281.30		
Historical Books		15.00	15.00		
Mobile Home Fees		2,000.00	2,000.00		
Court Agreement		4,720.06	4,720.06		
Zoning Housing Fee		1,230.00	1,230.00		
Boat Passes		7,452.00	7,452.00		
Miscellaneous		41,919.00	41,919.00		
	<u>\$ 1,007.76</u>	<u>\$ 9,917,402.31</u>	<u>\$ 9,694,249.28</u>	<u>\$ 222,923.93</u>	<u>\$ 1,236.86</u>
Ref.	A		A-4	A-5	A

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY -
SENIOR CITIZEN AND VETERANS DEDUCTIONS

Balance December 31, 2018	Ref. A	\$ 15,458.61
Increased by:		
Cash Receipts	A-4	<u>24,549.32</u>
		40,007.93
Decreased by:		
Deductions Per Tax Duplicate		\$ 24,500.00
Deductions Allowed by Collector		500.00
Deductions Disallowed by Collector		<u>(1,000.00)</u>
		<u>24,000.00</u>
Balance December 31, 2019	A	<u><u>\$ 16,007.93</u></u>

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
Purchasing	\$ 3,000.00	\$ 3,000.00	\$ 2,220.99	\$ 779.01
Township Clerk	2,125.25	2,125.25	683.68	1,441.57
Tax Collection	164.82	164.82	80.00	84.82
Engineering	1,710.68	1,710.68	404.26	1,306.42
Municipal Court	850.22	850.22	189.99	660.23
Group Insurance	283,927.31	283,927.31	50,475.00	233,452.31
Police	10,348.43	10,348.43	4,187.02	6,161.41
Rescue	5,462.35	5,462.35	1,006.25	4,456.10
Municipal Garage	6,741.46	6,741.46	896.55	5,844.91
Public Buildings and Grounds	3,791.11	3,791.11	2,574.72	1,216.39
Dog Regulation	4,700.50	4,700.50	2,250.00	2,450.50
Housing Program	2,073.80	2,073.80	305.98	1,767.82
Senior Lunch Program	2,060.66	2,060.66	273.77	1,786.89
Telephone	4,753.56	4,753.56	1,951.96	2,801.60
Heating Oil	12,288.57	12,288.57	2,790.00	9,498.57
Sewer	19,427.72	19,427.72	12,209.24	7,218.48
Gasoline	10,000.00	10,000.00	1,929.43	8,070.57
Solid Waste Disposal Costs	7,576.51	7,576.51	232.86	7,343.65
LOSAP	8,000.00	8,000.00	4,200.00	3,800.00
Other Accounts - No Change	329,185.16	329,185.16		329,185.16
	<u>\$ 718,188.11</u>	<u>\$ 718,188.11</u>	<u>\$ 88,861.70</u>	<u>\$ 629,326.41</u>
Ref.	A			A-1
Disbursed		Ref.		
Encumbered		A-4	\$ 77,814.18	
		A-19	11,047.52	
			<u>\$ 88,861.70</u>	

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2018	Budget Revenue Realized	Transfer from Capital Fund	From Grants Unappropriated	Canceled
Federal Grants:					
Buffer Zone Protection Program	\$ 2,937.46				\$ 2,937.46
	<u>2,937.46</u>				<u>2,937.46</u>
State Grants:					
Clean Communities		\$ 8,269.62		\$ 8,269.62	6,336.59
Automatic License Plate Recognition System	6,336.59				
Senior Citizen & Disabled Resident		41,799.67		41,799.67	21,520.32
Transportation Assistance Act Program					
Municipal Alliance on Alcohol and Drug Abuse	21,520.32				
2012 DOT Grant	38,964.94		\$ 38,964.94		
2014 DOT Grant	12,341.31		12,341.31		
2017 DOT Grant	17,974.83		17,974.83		
	<u>97,137.99</u>	<u>50,069.29</u>	<u>69,281.08</u>	<u>50,069.29</u>	<u>27,856.91</u>
	\$ 100,075.45	\$ 50,069.29	\$ 69,281.08	\$ 50,069.29	\$ 30,794.37
Ref.	<u>A</u>	<u>A-2</u>		<u>A-18</u>	<u>A-1</u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2018	Transferred from Budget Appropriation	Disbursed	Encumbered	Transfer to General Capital	Canceled	Balance Dec. 31, 2019
Federal Grants:							
Buffer Zone Protection Program	\$ 4,909.98						\$ 4,909.98
Municipal Storm water Regulation Program	6,573.66						6,573.66
	<u>11,483.64</u>						<u>11,483.64</u>
State Grants:							
Senior Citizen & Disabled Resident							
Transportation Assistance Act Program	480,342.20	\$ 41,799.67				\$ 522,141.87	12,585.98
Municipal Court Alcohol Education & Rehab Fund	12,585.98						99,331.11
Recycling Tonnage Grant	126,415.59		\$ 25,831.62	\$ 1,252.86			1,313.83
Body Armor Replacement Fund	1,313.83						41,599.28
Clean Communities	35,429.66	8,269.62	2,100.00				10,949.07
Drunk Driving Enforcement Fund	10,949.07						
Municipal Alliance on Alcohol and Drug Abuse	9,580.52					9,580.52	
2012 DOT Grant	38,964.94				\$ 38,964.94		
2014 DOT Grant	12,341.31				12,341.31		
2017 DOT Grant	17,974.83				17,974.83		
	<u>745,897.93</u>	<u>50,069.29</u>	<u>27,931.62</u>	<u>1,252.86</u>	<u>69,281.08</u>	<u>531,722.39</u>	<u>165,779.27</u>
	\$ 757,381.57	\$ 50,069.29	\$ 27,931.62	\$ 1,252.86	\$ 69,281.08	\$ 531,722.39	\$ 177,262.91
Ref.	A	A-3	A-4	A-19	C-5	A-1	A

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

State Grants:

Recycling Tonnage Grant
 Body Armor Replacement Fund
 Municipal Alliance
 Clean Communities
 Senior Citizen & Disabled Resident
 Transportation Assistance Act Program

	Balance Dec. 31, 2018	Received	To Grants Receivable	Balance Dec. 31, 2019
		\$ 13,567.32		\$ 13,567.32
		1,500.99		1,500.99
	\$ 8,269.62	9,232.43	\$ 8,269.62	9,232.43
	41,799.67		41,799.67	
	<u>\$ 50,069.29</u>	<u>\$ 24,300.74</u>	<u>\$ 50,069.29</u>	<u>\$ 24,300.74</u>
Ref.	A	A-4	A-16	A

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2018	A	<u>\$ 1,809,996.13</u>	
Increased by:			
Charges to Current Appropriations	A-3:A-17	1,790,924.77	\$ 1,252.86
Charges to Appropriation Reserves	A-15	11,047.52	
		<u>1,801,972.29</u>	<u>1,252.86</u>
		3,611,968.42	1,252.86
Decreased by:			
Payments	A-4	1,760,955.76	
Canceled	A-1	7,575.39	
		<u>1,768,531.15</u>	
Balance December 31, 2019	A	<u><u>\$ 1,843,437.27</u></u>	<u><u>\$ 1,252.86</u></u>

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TRUST FUND

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EXHIBIT B-1

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust Fund	Other Trust Funds
Balance December 31, 2018	B	\$ 2,161.23	\$ 1,966,575.52
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-3	2,279.60	
State Share		473.40	
Trust Other	B-4		29,107.76
Interest Earned		20.72	244.72
From Investments	B-2		671,313.56
Investment Redeemed	B-2		8,600,000.00
Due Current Fund		221.00	26,594.35
		<u>2,994.72</u>	<u>9,327,260.39</u>
		<u>5,155.95</u>	<u>11,293,835.91</u>
Decreased by Disbursements:			
Due State of New Jersey		537.00	
Trust Other	B-4		85,201.61
Due Current Fund		20.72	13.75
		<u>557.72</u>	<u>85,215.36</u>
Balance December 31, 2019	B	<u>\$ 4,598.23</u>	<u>\$ 11,208,620.55</u>

EXHIBIT B-2

SCHEDULE OF TRUST FUND INVESTMENTS - TREASURER

Balance December 31, 2018	Ref. B	\$ 19,506,925.04
Decreased by:		
Amortization of Premium		671,313.56
Redemption		8,600,000.00
		<u>9,271,313.56</u>
Balance December 31, 2019	B	<u>\$ 10,235,611.48</u>

Schedule of Investments December 31, 2019

	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
NJEDA St Pension	06/15/97	2/15/2029	7.425%	\$ 2,507,460.00	\$ 1,982,859.31
NJEDA St Pension	06/15/97	2/15/2029	7.425%	3,761,190.00	2,981,004.80
NJEDA St Pension	04/06/09	2/15/2029	7.425%	1,578,446.07	1,271,747.37
Cumberland County NJ Impr. Series B	10/22/09	4/15/2020	5.094%	4,037,160.00	4,000,000.00
				<u>\$ 11,884,256.07</u>	<u>\$ 10,235,611.48</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2018	Ref. B	\$ 1,424.40
Increased by:		
Municipal Share of Dog License Fees	B-1	<u>2,279.60</u>
Balance December 31, 2019	B	<u><u>\$ 3,704.00</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2017	\$ 3,065.20
2018	<u>2,525.20</u>
	<u><u>\$ 5,590.40</u></u>

EXHIBIT B-4

SCHEDULE OF RESERVE FOR OTHER TRUST FUNDS

	Balance Dec. 31, 2018	Deposits, Fees, and Donations	Disbursements	Due Current	Balance Dec. 31, 2019
Reserve for Escrow	\$ 8,993.09			\$ 4,956.46	\$ 4,036.63
Reserve for Self-Insurance Fund	21,430,211.68		\$ 67,716.00		21,362,495.68
Reserve for Tax Sale Redemption	3,542.77	\$ 5,330.77	8,668.57		204.97
Reserve for Tax Sale Premiums		2,200.00			2,200.00
Reserve for Municipal Drug Alliance Fund	8,587.46				8,587.46
Reserve for Uniform Fire Safety	12,524.62	8,637.00	137.00		21,024.62
Reserve for Leisure Arms	7,873.00	988.09	1,063.18		7,797.91
Reserve for Public Defender Fees	867.65				867.65
Reserve for Accumulated Absence				(26,326.87)	26,326.87
Reserve for Planning Board Escrow	841.45	11,951.90	7,616.86	(285.30)	4,891.19
	\$ 21,473,441.72	\$ 29,107.76	\$ 85,201.61	\$ (21,655.71)	\$ 21,438,432.98
Ref. B		B-1	B-1		B

GENERAL CAPITAL FUND

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EXHIBIT C-1

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2018	Ref. C		\$ 7,623,451.70
Increased by:			
Due from Current Fund	C-3	\$ 64.25	
Capital Improvement Fund	C-4	600,000.00	
Grants	C-3	160,000.00	
From Investments	C-2	<u>76,366.86</u>	
			<u>836,431.11</u>
			8,459,882.81
Decreased by:			
Improvement Authorizations	C-5	81,415.41	
Encumbrances Payable	C-6	480,191.21	
Due Current Fund	C-3	<u>484,540.09</u>	
			<u>1,046,146.71</u>
Balance December 31, 2019	C		<u><u>\$ 7,413,736.10</u></u>

EXHIBIT C-2

SCHEDULE OF GENERAL CAPITAL INVESTMENTS - TREASURER

Balance December 31, 2018	Ref. C	<u>\$ 30,207,122.09</u>
Decreased by:		
Amortization of Premium/Discount	C-1	<u>76,366.86</u>
Balance December 31, 2019	C	<u><u>\$ 30,130,755.23</u></u>

Schedule of Investments December 31, 2019

	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
New Brunswick NJ Parking Authority	12/15/10	9/1/31	8.02%	\$ 5,198,150.00	\$ 5,000,000.00
NJ State Transportation Trust Fund	10/21/10	12/15/28	6.01%	5,194,700.00	5,000,000.00
U.S. TSY Inflation Index	3/16/2011	1/15/2021	1.125%	9,503,073.42	8,021,978.48
U.S. Treasury Bonds	4/20/2012	2/15/2042	0.750%	5,913,726.45	5,005,685.47
NJ State Turnpike	8/20/2012	1/1/2040	7.414%	7,843,300.00	7,103,091.28
				<u>\$ 33,652,949.87</u>	<u><u>\$ 30,130,755.23</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec 31, 2018	Disbursements				Transfers To/(From)	Balance Dec 31, 2019
		Receipts		Improvement Authorizations	Miscellaneous		
		Miscellaneous					
Encumbrances Payable	\$ 480,191.21				\$ 480,191.21	\$ 219,103.74	\$ 219,103.74
Due Current Fund			64.25		484,540.09	484,475.84	
Capital Improvement Fund						(430,000.00)	36,593,730.46
Grants Receivable	37,023,730.46					(123,756.92)	(123,756.92)
Improvement Authorizations:							
Ordinance							
Number	Purpose						
2011-09	Solar Electric Generation Equipment						
2012-05	Repairs and Related Costs to the Alloway Creek Bank	7,468.61		\$ 3,768.00			3,700.61
2018-02	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck	31,600.92					31,600.92
2012-06	Resurfacing Alloway Creek Neck Road	31,095.23		31,095.23			
2014-12	Resurfacing Alloway Creek Neck Road					38,964.94	38,964.94
2017-05	Resurfacing Alloway Creek Neck Road					12,341.31	12,341.31
2018-02	Resurfacing Alloway Creek Neck Road					17,974.83	17,974.83
2018-04	Resurfacing Alloway Creek Neck Road	30,227.76				(6,511.96)	12,195.87
2018-02	Purchase of a New Fire Truck	30,000.00		11,519.93			30,000.00
2018-08	Purchase of a New Fire Truck	150,000.00					150,000.00
2018-03	Purchase of a New Trash Truck	46,259.60					46,259.60
2019-03	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck						
2019-03	Purchase of a New Fire Truck		150,000.00	35,032.25		(52,591.78)	62,375.97
2019-06	Resurfacing Alloway Creek Neck Road		450,000.00				450,000.00
			160,000.00			(160,000.00)	
		\$ 37,830,573.79	\$ 760,064.25	\$ 81,415.41	\$ 964,731.30		\$ 37,544,491.33
		C	C-1:C-4	C-5	C-1		C
Ref.							

EXHIBIT C-4

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2018	C	\$ 37,023,730.46
Increased by:		
Grant Reimbursements		<u>170,000.00</u>
		37,193,730.46
Decreased by:		
Funding of Ordinance	C-5	<u>600,000.00</u>
Balance December 31, 2019	C	<u><u>\$ 36,593,730.46</u></u>

EXHIBIT C-6

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	
Balance December 31, 2018	C	\$ 480,191.21
Increased by:		
Charges	C-5	<u>219,103.74</u>
		699,294.95
Decreased by:		
Payments	C-1	<u>480,191.21</u>
Balance December 31, 2019	C	<u><u>\$ 219,103.74</u></u>

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2019

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GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertisement for various items including:

- Reconstruction of Alloways Creek Neck Road
- Replacement of the Hancocks Bridge Fire House Air Conditioning Unit
- Wastewater and Well Water Lab Analysis Services

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11.5.

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

Our examination of expenditures did not reveal individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

NJSA 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 1, 2019, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, RS 54:4-66 states that taxes shall be payable in quarterly installments on the first day of February, May, August, and November, and shall become delinquent after the tenth day of February, May, August, and November; and

WHEREAS, RS 54:4-67 provides that the governing body may, by Resolution, fix the rate of interest to be charged for non-payment of taxes or assessments on or before the date they would become delinquent.

Collection of Interest on Delinquent Taxes and Assessments (Continued)

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Lower Alloways Creek does hereby establish that the rate of interest to be charged for the non-payment of taxes or assessments on or before the above quarterly due dates, when interest becomes chargeable, shall be at 8% per annum on the first \$1,500.00 for delinquency and 18% per annum on any amount in excess of \$1,500.00. Additionally, any taxes and sewer fees in excess of \$10,000 remaining in arrears beyond December 31st, 2019, an additional penalty of 6% shall be charged against the delinquency.

It appears from an examination of the collector's records that interest was collected in accordance with the statutes.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 19, 2019, and was complete.

The following comparison is made of the number of tax title liens receivable on December 31 of the current and previous two years.

<u>Year</u>	<u>Number of Liens</u>
2019	11
2018	6
2017	6

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. A separate report will be rendered if any irregularities develop after the date of the audit.

Comparison of Tax Levies and Collections Currently

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Levy	\$ 3,357,568.96	\$ 3,523,054.05	\$ 3,419,693.13
Cash Collections	3,316,951.77	3,483,053.62	3,378,618.65
Percentage of Collections	98.79%	98.86%	98.80%

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	1.567	1.651	1.604
Apportionment of Tax Rate:			
County	1.567	1.651	1.604
Assessed Valuation	213,686,658	213,071,555	212,646,203

Comparative Schedule of Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the current and previous two years.

	2019	2018	2017
Amount of Tax Title Liens	\$ 27,779.94	\$ 25,355.59	\$ 18,217.64
Delinquent Taxes	34,522.77	34,104.37	32,911.81
Total Delinquent	\$ 62,302.71	\$ 59,459.96	\$ 51,129.45
Percentage of Tax Levy	1.86%	1.69%	1.50%

Comparative Schedule of Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31st, on the basis of the last assessed valuation of such properties, was as follows:

	2019	2018	2017
Property Acquired for Taxes (Assessed Valuation)	103,430	103,430	103,430

OTHER COMMENTS**Chief Financial Officer**

The records maintained by the Chief Financial Officer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements with the following exception:

The general ledger is not properly maintained.

Tax/Sewer Collector

The records maintained by the Tax/Sewer Collector were found to be in good condition.

Municipal Clerk

The records maintained by the Municipal Clerk were found to be in good condition.

Corrective Action Plan

A corrective action plan for the 2018 audit was filed.

STATUS OF PRIOR RECOMMENDATIONS

2018-001 Finding: A general ledger is not properly maintained as required by NJAC 5:30-5.7.

Status: Corrective action has not been taken.

FINDINGS AND RECOMMENDATIONS

2019-001 Finding: A general ledger is not properly maintained as required by NJAC 5:30-5.7.

Recommendation: A general ledger should be properly maintained as required by NJAC 5:30-5.7.

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

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

We received the complete cooperation of all the officials of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,



Nick L. Petroni

Certified Public Accountant

Registered Municipal Accountant #252