

**TOWNSHIP OF ALLOWAY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2019**

INDEX

	Page
PART I	1
Independent Auditor's Report	2-4
CURRENT FUND	5
A Comparative Balance Sheet - Current Fund - Regulatory Basis	6-7
A-1 Comparative Statement of Operations and Change in Fund Balance - Current Fund - Regulatory Basis	8-9
A-2 Statement of Revenues - Current Fund - Regulatory Basis	10-11
A-3 Statement of Expenditures - Current Fund - Regulatory Basis	12-17
TRUST FUND	18
B Comparative Balance Sheet - Trust Fund - Regulatory Basis	19-21
GENERAL CAPITAL FUND	22
C Comparative Balance Sheet - General Capital Fund - Regulatory Basis	23
SEWER UTILITY FUND	24
D Comparative Balance Sheet - Sewer Utility Fund - Regulatory Basis	25-26
D-1 Comparative Statement of Operations and Change in Fund Balance - Sewer Utility Fund - Regulatory Basis	27
D-2 Statement of Fund Balance - Sewer Capital Fund - Regulatory Basis	27
D-3 Statement of Revenues - Sewer Operating Fund - Regulatory Basis	28
D-4 Statement of Expenditures - Sewer Operating Fund - Regulatory Basis	29
GENERAL FIXED ASSETS	30
E Comparative Balance Sheet - General Fixed Assets - Regulatory Basis	31
NOTES TO FINANCIAL STATEMENTS - Regulatory Basis	32-50
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68 & GASB 71)	51
F-1 Schedule of the Township's Proportionate Share of the Net Pension Liability - PERS	52
F-2 Schedule of Township Contributions - PERS	53
SUPPLEMENTARY INFORMATION	54
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	55-56

**INDEX
(CONTINUED)**

	Page
CURRENT FUND	57
A-4 Schedule of Current Fund Cash - Treasurer	58
A-5 Schedule of Current Fund Cash - Collector	59
A-6 Schedule of Grants Receivable	60
A-7 Schedule of Taxes Receivable and Analysis of Property Tax Levy	61-62
A-8 Schedule of Tax Title Liens Receivable	62
A-9 Schedule of Property Acquired for Taxes (At Assessed Valuation)	62
A-10 Schedule of Revenue Accounts Receivable	63
A-11 Schedule of Appropriation Reserves	64
A-12 Schedule of Encumbrances Payable	65
A-13 Schedule of Due to State of New Jersey - Senior Citizen and Veterans Deductions	66
A-14 Schedule of Local District School Tax Payable	66
A-15 Schedule of Reserve for Grants - Appropriated	67
TRUST FUND	68
B-1 Schedule of Trust Fund Cash - Treasurer	69
B-2 Schedule of Trust Fund Cash - Collector	70
B-3 Schedule of Reserve for Dog Fund Expenditures	70
GENERAL CAPITAL FUND	71
C-1 Schedule of Fund Balance - General Capital Fund	72
C-2 Schedule of General Capital Cash - Treasurer	72
C-3 Analysis of General Capital Fund Cash	73
C-4 Schedule of Capital Improvement Fund	74
C-5 Schedule of Improvement Authorizations	75
C-6 Schedule of Loans Payable	76
SEWER UTILITY FUND	77
D-5 Schedule of Sewer Utility Cash	78
D-6 Analysis of Sewer Utility Capital Cash	79
D-7 Schedule of Fixed Capital	80
D-8 Schedule of Consumer Accounts Receivable	81
D-9 Schedule of Sewer Liens Receivable	81
D-10 Schedule of Capital Improvement Fund	82
D-11 Schedule of Appropriation Reserves	83
D-12 Schedule of Encumbrances Payable	83
D-13 Schedule of Loan Payable - USDA	84

**INDEX
(CONTINUED)**

	Page
PART II - LETTER OF COMMENTS AND RECOMMENDATIONS	85
General Comments	86-89
Other Comments	89
Status of Prior Recommendations	90
Findings and Recommendations	90

PART I

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 Alloway
49 South Greenwich Street
Alloway, New Jersey 08001

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 Alloway, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township of Alloway'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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 Alloway 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 Alloway as of December 31, 2019 and 2018, or the results of its operations and changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis 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 Alloway'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 as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements.

The supplemental 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 June 18, 2020, on our consideration of the Township of Alloway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Alloway's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

June 18, 2020

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
ASSETS			
Regular Fund			
Cash - Treasurer	A-4	\$ 3,756,162.40	\$ 3,237,986.22
Cash - Payroll	A-4	756.56	
Cash - Collector			308,394.96
Petty Cash		50.00	50.00
Change Fund		95.00	95.00
		3,757,063.96	3,546,526.18
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-7	154,700.82	149,818.62
Tax Title Liens Receivable	A-8	373,291.75	307,439.22
Property Acquired for Taxes - Assessed Valuation	A-9	187,500.00	187,500.00
Due from Developer's Escrow Trust Fund	B	25.39	41.19
Due from Tax Sale Redemption	B	291.67	214.66
Due from Tax Sale Premium	B	340.17	280.84
Due from Bequest - William Haluska Trust	B	37.21	703.83
Due from Storm Recovery Trust			3,829.46
Due from Payroll Agency Trust Fund			145.80
		716,187.01	649,973.62
Deferred Charges:			
Overexpenditure of Appropriation	A-3	32.29	
Total Deferred Charges		32.29	
Total Regular Fund		4,473,283.26	4,196,499.80
Federal and State Grant Fund			
Cash - Treasurer	A-4	40,326.21	38,757.07
Grants Receivable	A-6	27,210.37	27,210.37
		67,536.58	65,967.44
		\$ 4,540,819.84	\$ 4,262,467.24

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 142,113.04	\$ 133,598.68
Encumbrances Payable	A-12	12,424.99	12,773.47
Due State of New Jersey:			
Senior Citizen and Veterans Deductions	A-13	2,250.00	1,084.25
Marriage and Burial Permits		50.00	25.00
Construction DCA Fees		803.65	3,001.13
Prepaid Taxes	A-5	165,230.47	190,479.65
Tax Overpayments		13,245.51	10,310.29
Due Sewer Operating Fund			4,999.51
Due Municipal Open Space Trust Fund			7,585.00
Due County for Added and Omitted Taxes			34,938.83
Payroll Taxes Payable		756.56	
Local School District Tax Payable	A-14	1,603,996.45	1,566,142.45
Reserve for Unappropriated Revenue:			
Museum Donations		1,786.10	1,786.10
Donations Power of One		2,968.88	2,968.88
Abandoned Property Registrations		9,000.00	3,500.00
		<u>1,954,625.65</u>	<u>1,973,193.24</u>
Reserve for Receivables		716,187.01	649,973.62
Fund Balance	A-1	1,802,470.60	1,573,332.94
		<u>4,473,283.26</u>	<u>4,196,499.80</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-15	63,574.24	57,874.22
Encumbrances Payable	A-12	3,962.34	8,093.22
		<u>67,536.58</u>	<u>65,967.44</u>
		<u>\$ 4,540,819.84</u>	<u>\$ 4,262,467.24</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	\$ 146,527.59	\$ 131,515.70
Miscellaneous Revenue Anticipated	A-2	878,390.85	766,567.94
Receipts from Delinquent Taxes	A-2	166,290.60	189,825.96
Receipts from Current Taxes	A-2	8,379,224.54	8,237,950.74
Non-Budget Revenue	A-2	51,645.35	35,275.75
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	108,566.64	178,944.49
Encumbrances Payable Canceled	A-12	7,583.71	585.00
Interfund Loan Returned		5,263.96	
Reserve for Grants Unappropriated Canceled			0.13
Total Income		<u>9,743,493.24</u>	<u>9,540,665.71</u>
Expenditures			
Budget Appropriations			
Operations within "CAPS"			
Salaries and Wages	A-3	428,140.00	420,486.00
Other Expenses	A-3	642,288.00	615,660.00
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	74,788.63	79,087.64
Operations excluded from "CAPS"			
Other Expenses	A-3	42,527.65	41,388.27
Capital Improvements	A-3	160,000.00	140,000.00
Debt Service	A-3	182,563.65	234,320.78
County Taxes	A-7	3,464,030.42	3,401,949.86
County Open Space Tax	A-7	59,399.29	58,962.16
Due County for Added and Omitted Taxes	A-7	21,127.04	34,938.83
Municipal Open Space Tax	A-7	14,088.30	14,008.50
Local District School Tax	A-14	4,278,155.00	4,199,450.00
Prior Year Deductions Disallowed	A-13	300.00	1,000.00
Prior Year Refund	A-4	420.01	
Interfund Loan Advanced			846.71
Total Expenditures		<u>9,367,827.99</u>	<u>9,242,098.75</u>
Excess in Revenue		375,665.25	298,566.96

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.	<u>Year 2019</u>	<u>Year 2018</u>
Fund Balance			
Balance January 1	A	1,573,332.94	1,406,281.68
		<u>1,948,998.19</u>	<u>1,704,848.64</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	146,527.59	131,515.70
Balance December 31	A	<u>\$ 1,802,470.60</u>	<u>\$ 1,573,332.94</u>

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 146,527.59		\$ 146,527.59	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	1,100.00		1,186.80	\$ 86.80
Fines and Costs:					
Municipal Court	A-10	5,000.00		5,329.51	329.51
Interest and Costs on Taxes	A-10	45,000.00		55,307.58	10,307.58
Interest on Investments	A-10	2,000.00		20,024.38	18,024.38
Salem County Utilities Authority -					
Host Community Benefits	A-10	225,000.00		355,563.68	130,563.68
Energy Receipts Tax	A-10	327,413.00		327,413.00	
Garden State Trust PILOT	A-10	57,622.00		57,622.00	
Watershed Moratorium Aid	A-10	188.00		188.00	
Uniform Construction Code	A-10	40,000.00		34,816.00	(5,184.00)
Uniform Fire Safety Act	A-10	2,400.00		276.25	(2,123.75)
JIF Safety Incentive		750.00			(750.00)
JIF Safety Reimbursement		1,755.00			(1,755.00)
JIF Wellness Incentive Program		500.00			(500.00)
Clean Communities Program	A-6		\$ 13,430.20	13,430.20	
Recycling Tonnage	A-6	3,333.45		3,333.45	
Municipal Alliance Program	A-6		3,900.00	3,900.00	
Total Miscellaneous Revenues		712,061.45	17,330.20	878,390.85	148,999.20
Receipts from Delinquent Taxes	A-2	155,000.00		166,290.60	11,290.60
Subtotal General Revenues		867,061.45	17,330.20	1,044,681.45	160,289.80
Amount to be Raised by Taxation	A-2	756,600.00		798,224.45	41,624.45
Budget Totals		1,770,189.04	17,330.20	1,989,433.49	201,914.25
Non-Budget Revenue	A-2			51,645.35	
		\$ 1,770,189.04	\$ 17,330.20	\$ 2,041,078.84	
Ref.	A-3		A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	<u>8,379,224.54</u>
Allocated to:		
School and County Taxes	A-7	7,822,711.75
Municipal Open Space	A-7	<u>14,088.30</u>
Balance for Support of Municipal Budget Appropriation		542,424.49
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	255,799.96
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 798,224.45</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7	\$ 140,554.52
Tax Title Liens	A-8	<u>25,736.08</u>
	A-2	<u>\$ 166,290.60</u>
Analysis of Non-Budget Revenue		
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Cable Television Franchise Fee	A-10	\$ 8,038.54
Verizon FIOS Payment	A-10	2,027.17
Recycling Fees	A-10	10,364.58
Prior Year JIF Reimbursement	A-10	1,595.87
Housing and Zoning Fees	A-10	6,230.00
Tax Sale Premiums Forfeited	A-10	10,100.00
Fees and Permits	A-10	4,748.00
Miscellaneous and Refunds	A-10	3,979.62
Advertising Costs	A-10	1,112.85
Senior Citizen Chargeback	A-10	250.00
Senior Citizen & Veterans Admin. Fee	A-10	1,073.72
Use of Building	A-10	<u>2,125.00</u>
	A-2	<u>\$ 51,645.35</u>

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
GENERAL GOVERNMENT						
Mayor and Township Committee						
Salaries & Wages	\$ 27,950.00	\$ 27,950.00	\$ 27,151.00		\$ 799.00	
Other Expenses	1,950.00	1,950.00	1,884.00		66.00	
Municipal Clerk						
Salaries & Wages	86,000.00	86,000.00	84,791.08		1,208.92	
Other Expenses	12,000.00	15,400.00	11,987.35	\$ 2,364.68	1,047.97	
Financial Administration						
Salaries & Wages	30,000.00	28,700.00	28,520.74		179.26	
Other Expenses:						
Miscellaneous Other Expenses	9,025.00	10,050.00	6,651.82	2,522.42	875.76	
Computer Consultant	3,400.00	5,000.00	4,162.50		837.50	
Webmaster						
Other Expenses	2,400.00	2,400.00	2,432.29			\$ 32.29
Audit Services						
Other Expenses	24,500.00	24,500.00	23,845.00		655.00	
Revenue Administration (Tax Collection)						
Salaries & Wages	25,000.00	25,900.00	25,786.09		113.91	
Other Expenses	8,400.00	8,900.00	6,912.68	1,182.34	804.98	
Tax Assessment Administration						
Salaries & Wages	24,000.00	22,000.00	21,911.17		88.83	
Other Expenses	11,875.00	4,875.00	3,708.32	1,126.85	39.83	
Legal Services and Costs						
Other Expenses	16,000.00	10,500.00	4,634.50		5,865.50	
Engineering Services and Costs						
Other Expenses	17,000.00	11,000.00	6,148.30		4,851.70	
Township Historian						
Salaries & Wages	800.00	800.00	759.93		40.07	
Other Expenses	1,100.00	1,100.00			1,100.00	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	5,000.00	4,300.00	1,957.00		2,343.00	
Other Expenses	5,000.00	5,000.00	2,927.88	1,182.34	889.78	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
CODE ENFORCEMENT ADMINISTRATION						
Housing and Zoning						
Salaries and Wages	7,000.00	7,000.00	5,938.47		1,061.53	
Other Expenses	475.00	475.00	450.00		25.00	
INSURANCE						
Liability Insurance	25,000.00	27,400.00	24,968.00		2,432.00	
Workman's Compensation	43,000.00	43,000.00	42,889.00		111.00	
Group Insurance Plan for Employees	51,000.00	51,000.00	49,170.96		1,829.04	
JIF COORDINATOR						
Salaries and Wages	2,500.00	2,500.00	2,498.00		2.00	
Insurance Safety Programs						
Other Expenses	3,005.00	3,005.00	2,990.88		14.12	
PUBLIC SAFETY FUNCTIONS						
Office of Emergency Management						
Salaries & Wages	4,600.00	4,600.00	4,528.00		72.00	
Other Expenses	1,100.00	1,100.00			1,100.00	
Aid to Volunteer Fire Company						
Other Expenses	25,650.00	25,650.00	25,650.00			
Ambulance						
Other Expenses:						
Safety Equipment Program	4,000.00	4,000.00	20.00		3,980.00	
Miscellaneous Other Expenses	10,000.00	10,000.00	10,000.00			
Uniform Fire Safety Act						
Other Expenses	2,850.00	2,850.00			2,850.00	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	151,490.00	151,490.00	148,297.67		3,192.33	
Other Expenses	30,400.00	40,400.00	31,170.06	1,182.34	8,047.60	
Snow Removal						
Other Expenses	10,000.00	10,000.00	10,000.00			
Trash Disposal						
Other Expenses	22,000.00	24,000.00	21,919.00		2,081.00	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Recycling						
Other Expenses	25,000.00	28,600.00	26,512.34		2,087.66	
Public Buildings & Grounds						
Salaries & Wages	2,300.00	2,400.00	2,309.00		91.00	
Other Expenses:						
Alloway Lake Dam Inspections	5,000.00	5,000.00	250.00		4,750.00	
Miscellaneous Other Expenses	40,000.00	40,000.00	29,930.13	317.00	9,752.87	
HEALTH & HUMAN SERVICES						
Animal Control Regulation						
Salaries & Wages	100.00	100.00			100.00	
Other Expenses	3,000.00	3,000.00			3,000.00	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	1,000.00	1,000.00			1,000.00	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Sanitary Landfill						
Salaries and Wages	24,000.00	24,000.00	20,153.49		3,846.51	
Other Expenses	12,000.00	8,000.00	1,195.00		6,805.00	
Salem County Utilities Authority						
Other Expenses:						
Tipping Fees	67,683.00	67,683.00	58,078.91		9,604.09	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	40,000.00	40,000.00	33,023.29		6,976.71	
Street Lighting	28,000.00	28,000.00	23,827.32		4,172.68	
Telephone	16,000.00	18,000.00	17,039.52		960.48	
Propane Gas (Natural Gas)	3,000.00	3,000.00	681.51		2,318.49	
Fuel Oil (Heating)	18,000.00	18,000.00	8,779.23		9,220.77	
Sewerage	13,500.00	13,500.00	13,162.50		337.50	
Gasoline and Diesel Fuel	20,000.00	20,000.00	7,181.09		12,818.91	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
STATE UNIFORM CONSTRUCTION CODE						
Construction Officials						
Salaries & Wages	40,400.00	40,400.00	34,785.31		5,614.69	
Other Expenses	6,950.00	4,950.00	550.60	2,547.02	1,852.38	
Total Operations within "CAPS"	1,071,403.00	1,070,428.00	924,120.93	12,424.99	133,914.37	32.29
Detail:						
Salaries and Wages	431,140.00	428,140.00	409,386.95		18,753.05	
Other Expenses	640,263.00	642,288.00	514,733.98	12,424.99	115,161.32	32.29
DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"						
Deferred Charges:						
Deficit in Storm Recovery Trust	1,890.63	1,890.63	1,890.63			
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	35,998.00	35,998.00	35,998.00			
Social Security System (OASI)	32,900.00	32,900.00	31,235.97		1,664.03	
Defined Contribution Retirement Program	3,000.00	3,000.00	2,011.70		988.30	
NJ Disability Insurance	1,000.00	1,000.00	311.28		688.72	
Total Deferred Charges & Statutory Expenditures within "CAPS"	74,788.63	74,788.63	71,447.58		3,341.05	
Total General Appropriations for Municipal Purposes within "CAPS"	1,146,191.63	1,145,216.63	995,568.51	12,424.99	137,255.42	32.29
OPERATIONS EXCLUDED FROM "CAPS"						
EDUCATION FUNCTIONS						
Aid to Library	237.50	237.50			237.50	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Recycling Tax	3,451.50	3,451.50	3,121.38		330.12	
Total Other Operations - Excluded from "CAPS"	3,689.00	3,689.00	3,121.38		567.62	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
INTERLOCAL MUNICIPAL SERVICE AGREEMENT						
Pilesgrove-Upper Pittsgrove-Alloway Joint Municipal Court	17,200.00	17,200.00	12,910.00		4,290.00	
Total Interlocal Service Agreements	17,200.00	17,200.00	12,910.00		4,290.00	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Recycling Tonnage Grant	3,333.45	3,333.45	3,333.45			
Municipal Alliance		4,875.00	4,875.00			
Clean Communities		13,430.20	13,430.20			
Total Public & Private Programs Offset by Revenues	3,333.45	21,638.65	21,638.65			
Total Operations Excluded from "CAPS"	24,222.45	42,527.65	37,670.03		4,857.62	
Detail:						
Other Expenses	24,222.45	42,527.65	37,670.03		4,857.62	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	160,000.00	160,000.00	160,000.00			
Total Capital Improvements	160,000.00	160,000.00	160,000.00			
DEBT SERVICE						
NJ Department of Environmental Protection						
Principal	155,000.00	155,000.00	154,923.40			\$ 76.60
Interest	28,000.00	28,000.00	27,640.25			359.75
Total Debt Service	183,000.00	183,000.00	182,563.65			436.35

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Total General Appropriations Excluded from "CAPS"	367,222.45	385,527.65	380,233.68		4,857.62	436.35
Subtotal General Appropriations	1,513,414.08	1,530,744.28	1,375,802.19	12,424.99	142,113.04	32.29
Reserve for Uncollected Taxes	255,799.96	255,799.96	255,799.96			
Total General Appropriations	<u>\$ 1,769,214.04</u>	<u>\$ 1,786,544.24</u>	<u>\$ 1,631,602.15</u>	<u>\$ 12,424.99</u>	<u>\$ 142,113.04</u>	<u>32.29</u>
Ref.	A-2			A-12	A	A
	Ref.					
Budget	A-3	\$ 1,769,214.04				
Appropriated by NJSA 40A:4-87	A-2	17,330.20				
		<u>\$ 1,786,544.24</u>				
	Ref.					
Reserve for Uncollected Taxes	A-2		\$ 255,799.96			
Reserve for Federal & State Grants - Appropriated	A-15		21,638.65			
Disbursed	A-4		1,352,272.91			
			<u>\$ 1,631,602.15</u>			

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

TRUST FUND

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	\$ 2,375.60	\$ 14,725.88
Bequest - William Haluska			
Cash - Treasurer	B-1	86,634.54	87,755.86
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	153,295.80	20,783.23
Escrow Receivable		1,216.94	1,216.94
		<u>154,512.74</u>	<u>22,000.17</u>
Donations - Veteran's Memorial			
Cash - Treasurer	B-1	1,852.16	2,114.51
Payroll Agency Trust			
Cash - Treasurer			901.76
Municipal Open Space Trust			
Cash - Treasurer	B-1	114,177.36	90,146.40
Due from Current Fund			7,585.00
		<u>114,177.36</u>	<u>97,731.40</u>
Recreation Trust Fund			
Cash - Treasurer	B-1	14,519.12	16,022.34
Storm Recovery Trust Fund			
Cash - Treasurer	B-1	3,730.78	1,938.83
Deficit In Storm Recovery Trust			1,890.63
		<u>3,730.78</u>	<u>3,829.46</u>

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

EXHIBIT B
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Tax Sale Premium			
Cash - Collector	B-2	17,840.17	32,780.84
Tax Sale Redemption			
Cash - Collector	B-2	1,215.56	25,230.75
Unemployment Compensation Fund			
Cash - Treasurer	B-1	15,790.62	15,713.88
		<u>\$ 412,648.65</u>	<u>\$ 318,806.85</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund			
Encumbrances Payable			\$ 1,129.20
Reserve for Dog Fund Expenditures	B-3	\$ 2,375.60	13,596.68
		<u>2,375.60</u>	<u>14,725.88</u>
Bequest - William Haluska			
Reserve for Improvements to Alloway Lake Access		86,597.33	87,052.03
Due Current Fund	A	37.21	703.83
		<u>86,634.54</u>	<u>87,755.86</u>
Developer's Escrow Trust Fund			
Reserve for Escrow Fees		149,563.81	17,602.82
Encumbrances Payable		4,923.54	4,356.16
Due Current Fund	A	25.39	41.19
		<u>154,512.74</u>	<u>22,000.17</u>
Donations - Veteran's Memorial			
Reserve for Veteran's Memorial Donations		1,852.16	2,114.51
Municipal Open Space Trust			
Reserve for Open Space		114,177.36	97,731.40
		<u>114,177.36</u>	<u>97,731.40</u>

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

EXHIBIT B
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Payroll Agency Trust			
Due Current Fund			145.80
Payroll Taxes Payable			755.96
			<u>901.76</u>
Recreation Trust Fund			
Reserve for Recreation Trust		13,519.12	15,022.34
Encumbrances Payable		1,000.00	1,000.00
		<u>14,519.12</u>	<u>16,022.34</u>
Storm Recovery Trust Fund			
Reserve for Storm Recovery		3,730.78	
Due Current Fund			3,829.46
		<u>3,730.78</u>	<u>3,829.46</u>
Tax Sale Premium			
Reserve for Tax Sale Premiums		17,500.00	32,500.00
Due Current Fund	A	340.17	280.84
		<u>17,840.17</u>	<u>32,780.84</u>
Tax Sale Redemption			
Due Current Fund	A	291.67	214.66
Reserve for Tax Sale Redemptions		923.89	25,016.09
		<u>1,215.56</u>	<u>25,230.75</u>
Unemployment Compensation			
Reserve for Unemployment Claims		15,790.62	15,713.88
		<u>\$ 412,648.65</u>	<u>\$ 318,806.85</u>

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

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
ASSETS			
Cash - Treasurer	C-2	\$ 233,721.09	\$ 204,730.18
Deferred Charges to Future Taxation:			
Funded		1,265,627.32	1,420,550.72
Grants Receivable			45,970.01
		<u>\$ 1,499,348.41</u>	<u>\$ 1,671,250.91</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Loan Payable - EPA	C-6	\$ 1,265,627.32	\$ 1,420,550.72
Improvement Authorizations:			
Funded	C-5	78,564.77	118,350.94
Capital Improvement Fund	C-4	18,770.99	18,542.59
Reserves for:			
Purchase of Ambulance	C-3	35,000.00	35,000.00
Alloway Lake Dam	C-3	12,665.56	12,665.56
Purchase of a Generator	C-3	10,000.00	10,000.00
Municipal Building Drainage Project	C-3	20,000.00	20,000.00
Encumbrances Payable		4,512.50	14,593.69
Due Sewer Capital Fund	D	20,000.00	20,000.00
Fund Balance	C-1	34,207.27	1,547.41
		<u>\$ 1,499,348.41</u>	<u>\$ 1,671,250.91</u>

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

SEWER UTILITY FUND

EXHIBIT D

COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Sewer Operating Fund:			
Cash - CFO	D-5	\$ 390,322.56	\$ 368,355.25
Cash - Collector			32,394.62
Due from Current Fund			4,999.51
		<u>390,322.56</u>	<u>405,749.38</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-8	88,388.90	60,606.95
Sewer Liens	D-9	23,808.50	15,651.25
		<u>112,197.40</u>	<u>76,258.20</u>
Deferred Charges:			
Deficit in Operations	D-1	10,908.37	
Total Deferred Charges		<u>10,908.37</u>	
Total Operating Fund		<u>513,428.33</u>	<u>482,007.58</u>
Sewer Capital Fund:			
Cash	D-5	161,150.02	144,350.02
Fixed Capital	D-7	6,953,123.33	6,953,123.33
Due from Sewer Operating Fund	D	20,000.00	20,000.00
Due from General Capital Fund	C	20,000.00	20,000.00
Total Capital Fund		<u>7,154,273.35</u>	<u>7,137,473.35</u>
		<u>\$ 7,667,701.68</u>	<u>\$ 7,619,480.93</u>

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

EXHIBIT D
(Continued)

COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Sewer Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-11	\$ 1,988.62	\$ 2,932.83
Encumbrances Payable			4,096.57
Sewer Overpayments		1,292.68	637.03
Accrued Interest on Loans		7,724.63	7,857.95
Due Sewer Capital Fund	D	20,000.00	20,000.00
		<u>31,005.93</u>	<u>35,524.38</u>
Reserve for Receivables		112,197.40	76,258.20
Fund Balance	D-1	370,225.00	370,225.00
Total Operating Fund		<u>513,428.33</u>	<u>482,007.58</u>
Sewer Capital Fund:			
Loan Payable - USDA	D-13	2,350,692.67	2,389,946.84
Reserve for Amortization		4,602,430.66	4,563,176.49
Capital Improvement Fund	D-10	121,800.00	105,000.00
Fund Balance	D-2	79,350.02	79,350.02
Total Capital Fund		<u>7,154,273.35</u>	<u>7,137,473.35</u>
		<u>\$ 7,667,701.68</u>	<u>\$ 7,619,480.93</u>

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

EXHIBIT D-1

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

Revenue and Other Income Realized	Ref.	Year 2019	Year 2018
Sewer Rents	D-3	\$ 299,583.17	\$ 322,490.43
Non-Budget Revenue	D-3	8,714.59	11,766.37
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-11	1,684.23	13,197.52
Encumbrances Payable Canceled	D-12	1,295.32	
Total Income		<u>311,277.31</u>	<u>347,454.32</u>
Expenditures			
Operating	D-4	167,000.00	162,500.00
Capital Improvements	D-4	16,800.00	20,000.00
Debt Service	D-4	136,310.68	136,317.19
Deferred Charges and Statutory Expenditures - Municipal	D-4	2,075.00	2,075.00
Total Expenditures		<u>322,185.68</u>	<u>320,892.19</u>
Excess in Revenue			26,562.13
Deficit in Operations	D-1	<u>10,908.37</u>	
Fund Balance			
Balance January 1	D	370,225.00	343,662.87
Balance December 31	D	<u>\$ 370,225.00</u>	<u>\$ 370,225.00</u>

EXHIBIT D-2

STATEMENT OF FUND BALANCE - SEWER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2018	Ref. D	\$ 79,350.02
Balance December 31, 2019	D	<u>\$ 79,350.02</u>

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

STATEMENT OF REVENUES - SEWER OPERATING FUND - REGULATORY BASIS

	Ref.	Budget	Revenue Realized	Excess or (Deficit)
Sewer Rents	D-3	\$ 322,375.00	\$ 299,583.17	\$ (22,791.83)
	Ref.	D-4		

Analysis of Revenue Realized

Rents:	Ref.	
Consumer Accounts Receivable:		
Collected	D-8	\$ 298,946.14
Overpayments Applied	D-8	637.03
		<u>\$ 299,583.17</u>

Analysis of Miscellaneous Revenue

	Ref.	
Interest on Delinquent Accounts	D-5	\$ 5,551.12
Interest on Investments	D-5	2,793.38
Miscellaneous	D-5	370.09
		<u>\$ 8,714.59</u>

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

STATEMENT OF EXPENDITURES - SEWER OPERATING FUND - REGULATORY BASIS

	Appropriations				Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 27,000.00	\$ 15,400.00	\$ 15,360.92	\$ 39.08	
Other Expenses	140,000.00	151,600.00	150,537.04	1,062.96	
Capital Improvements:					
Capital Improvement Fund	16,800.00	16,800.00	16,800.00		
Debt Service:					
Payment of Bond Principal	39,300.00	39,300.00	39,254.17		\$ 45.83
Interest on Bonds	97,200.00	97,200.00	97,056.51		143.49
Statutory Expenditures:					
Defined Contribution Retirement System	25.00	25.00		25.00	
Social Security	2,000.00	2,000.00	1,175.08	824.92	
State Disability Insurance	50.00	50.00	13.34	36.66	
	<u>\$ 322,375.00</u>	<u>\$ 322,375.00</u>	<u>\$ 320,197.06</u>	<u>\$ 1,988.62</u>	<u>\$ 189.32</u>
Ref.	D-3			D	
		Ref.	\$ 97,056.51		
Accrued Interest on Bonds & Loans Disbursements		D-5	223,140.55		
			<u>\$ 320,197.06</u>		

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

GENERAL FIXED ASSETS

EXHIBIT E

COMPARATIVE BALANCE SHEET - GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance <u>Dec. 31, 2019</u>	Balance <u>Dec. 31, 2018</u>
General Fixed Assets:		
Buildings	\$ 951,555.00	\$ 951,555.00
Land and Improvements	724,235.86	724,235.86
Infrastructure	4,933,185.23	4,933,185.23
Machinery and Equipment	2,689,504.25	2,667,224.25
	<u>\$ 9,298,480.34</u>	<u>\$ 9,276,200.34</u>
Investment in General Fixed Assets	<u>\$ 9,298,480.34</u>	<u>\$ 9,276,200.34</u>

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

NOTES TO FINANCIAL STATEMENTS
(Regulatory Basis)

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Alloway was incorporated in 1884 and is located in Salem County, New Jersey.

The Township has a three-member Township Committee form of government. The existing members of the Township Committee appoint a Mayor amongst themselves, who will serve for one year.

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

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

The accounting policies of the Township of Alloway 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 Alloway accounts for its transactions through the following separate funds, which differ 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 - Receipts 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.

Sewer Operating and Capital Fund - Account for the operations and acquisition of capital facilities, of a municipally owned Sewer Utility.

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.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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

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.

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 interfunds are not reserved.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE 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.

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 and Sewer Utility 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.

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

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes (Continued) - 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.

Capitalization of Interest - It is the policy of the Township to capitalize interest in the Sewer Capital Fund on projects during the construction phase.

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.

Basic Financial Statements - Governmental Accounting Standards Board (GASB) prescribes the financial statement presentation requirements for governmental units which are significantly different from the reporting requirements under the regulatory basis of accounting in the State of New Jersey. Generally Accepted Accounting Principles (GAAP) prescribes that the financial statements must be presented on an entity wide basis, including all funds exclusive of fiduciary funds, and segregating only government type and business type funds. The statements are presented on a full accrual basis and include all the non-fiduciary assets and liabilities of the entity. In addition, GAAP requires separate fund basis financial statements for all governmental, proprietary, and fiduciary funds. The New Jersey Regulatory basis requires reporting of the appropriate separate fund financial statements and the fixed asset account group.

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 has 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.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE 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

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 period's 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.

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.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Recent Accounting Pronouncements Not Yet Effective (Continued)

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.

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 \$255,799.96 and \$243,113.98, 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. The Township

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$18,305.20 for a grant, as detailed in Exhibit A-3.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be 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 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 \$4,994,015.55 and \$4,643,227.60, respectively. At December 31, 2019 and 2018, \$0 of the municipality's bank, balance of \$4,892,847.11 and \$4,640,548.04, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

At December 31, 2019 and 2018, the Township did not have any investments.

Interest Rate Risk - 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. However, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or Bonds or other obligations of the Township school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 5: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2019	\$ 1,801,495.60	\$ 135,712.57
	2018	1,573,332.94	146,527.59
	2017	1,406,281.68	131,515.70
	2016	1,160,831.40	121,065.99
	2015	1,050,984.02	106,334.76
Sewer Operating Fund	2019	370,225.00	None
	2018	370,225.00	None
	2017	343,662.87	None
	2016	256,075.86	5,019.95
	2015	246,558.11	18,118.00

NOTE 6: COMPENSATED ABSENCES

The Township has permitted full-time employees to accrue unused vacation pay, which may be taken off or paid at a later date at an agreed upon rate. The value of these earned and unused employee benefits has not been accrued by either a charge to operations or to budgets of the prior years. The Township's liability at December 31, 2019 and 2018, for accrued unused vacation benefits are \$1,030.56 and \$721.28, respectively. The realization of this liability may be affected by conditions that could preclude an employee from receiving full payment of the accrual. The Township has not established a reserve to offset this liability.

NOTE 7: ECONOMIC DEPENDENCY

The Township of Alloway is not economically dependent on any one business or industry within the Township.

NOTE 8: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2019:

	Balance Dec. 31, 2018	Additions	Deletions	Balance Dec. 31, 2019
Buildings	\$ 951,555.00			\$ 951,555.00
Land and Improvements	724,235.86			724,235.86
Infrastructure	4,933,185.23			4,933,185.23
Machinery and Equipment	2,667,224.25	\$ 22,280.00		2,689,504.25
	<u>\$ 9,276,200.34</u>	<u>\$ 22,280.00</u>	None	<u>\$ 9,298,480.34</u>

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES

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

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due From	Due To
Current Fund:		
Developer's Escrow Trust	\$ 25.39	
Tax Sale Redemption	291.67	
Tax Sale Premium Fund	340.17	
Bequest - William Haluska	37.21	
Developer's Escrow Trust Fund:		
Current Fund		\$ 25.39
Bequest - William Haluska:		
Current Fund		37.21
Tax Sale Premium:		
Current Fund		340.17
Tax Sale Redemption:		
Current Fund		291.67
General Capital Fund:		
Sewer Capital Fund		20,000.00
Sewer Capital Fund:		
Sewer Operating Fund	20,000.00	
General Capital Fund	20,000.00	
Sewer Operating Fund:		
Sewer Capital Fund		20,000.00
	\$ 40,694.44	\$ 40,694.44

The amounts due are mostly the result of interest earned but not transferred and funds not transferred for capital improvements.

NOTE 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the current and previous year:

	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Prepaid Taxes - Cash Liability	\$ 165,230.47	\$ 190,479.65

NOTE 11: SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District. In Alloway's case, at December 31, 2019 and 2018, \$2,139,077.50 and \$2,101,225.00, respectively, would be the maximum amount permitted to be deferred under these regulations. The Township, in prior years, elected to

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11: SCHOOL TAXES (CONTINUED)

defer school taxes and the accumulation of such deferrals amounts to \$540,000.00. There was no change in the amount of school taxes deferred during 2019.

Local School District Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Balance of Tax	\$ 2,143,996.45	\$ 2,106,142.45
Deferred	540,000.00	540,000.00
Tax Payable	\$ 1,603,996.45	\$ 1,566,142.45

NOTE 12: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2019, consisted of the following:

	2019	2018	2017
Bonds, Notes, and Loans Issued	\$ 3,616,319.99	\$ 3,810,497.56	\$ 4,050,827.72
Net Bonds, Notes, and Loans Issued and Authorized But Not Issued	\$ 3,616,319.99	\$ 3,810,497.56	\$ 4,050,827.72

	Balance Dec. 31, 2018	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2019	Due in One Year
Issued:					
General:					
DEP - Loan Payable	\$ 1,420,550.72		\$ 154,923.40	\$ 1,265,627.32	\$ 158,037.37
Net Debt Issued	1,420,550.72		154,923.40	1,265,627.32	158,037.37
Sewer:					
USDA Loan Payable	2,389,946.84		39,254.17	2,350,692.67	40,863.10
Sewer Debt Issued	2,389,946.84		39,254.17	2,350,692.67	40,863.10
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 3,810,497.56	None	\$ 194,177.57	\$ 3,616,319.99	\$ 198,900.47

Permanently funded debt as of December 31, 2019, consisted of the following:

\$2,684,468.94 Department of Environmental Protection Loan dated September 2009, payable in semi-annual installments through September 2028. Interest is paid at a rate of 2% per annum. The balance remaining at December 31, 2019, was \$1,265,627.32.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

\$2,314,300.00 United States Department of Agriculture loan dated December 8, 2009, payable in semi-annual installments through December 8, 2049. Interest is paid at a rate of 4.25% per annum. The balance remaining at December 31, 2019, was \$2,037,544.33.

\$361,700.00 United States Department of Agriculture loan dated October 7, 2010, payable in semi-annual installments through October 7, 2050. Interest is paid at a rate of 3.25% per annum. The balance remaining at December 31, 2019, was \$313,148.34.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

GENERAL CAPITAL

Year Ended December 31,	Principal	Interest	Total
2020	\$ 158,037.37	\$ 24,526.29	\$ 182,563.66
2021	161,213.92	21,349.74	182,563.66
2022	164,454.32	18,109.34	182,563.66
2023	167,759.85	14,803.81	182,563.66
2024	171,131.82	11,431.84	182,563.66
2025-2027	443,030.04	13,379.12	456,409.16
Grand Total	\$ 1,265,627.32	\$ 103,600.14	\$ 1,369,227.46

SEWER CAPITAL

Year Ended December 31,	Principal	Interest	Total
2020	\$ 40,863.10	\$ 95,580.90	\$ 136,444.00
2021	42,538.80	93,905.20	136,444.00
2022	44,284.06	92,159.94	136,444.00
2023	46,101.83	90,342.17	136,444.00
2024	47,995.12	88,448.88	136,444.00
2025-2029	271,247.60	410,972.40	682,220.00
2030-2034	331,896.76	350,323.24	682,220.00
2035-2039	406,284.85	275,935.15	682,220.00
2040-2044	497,554.20	184,665.80	682,220.00
2045-2049	606,854.41	72,649.21	679,503.62
2050	15,071.94	369.69	15,441.63
Grand Total	\$ 2,350,692.67	\$ 1,755,352.58	\$ 4,106,045.25

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .435%.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12: LONG-TERM DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT (CONTINUED)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,220,000.00	\$ 1,220,000.00	
Sewer Capital Debt	2,350,692.67	2,350,692.67	
General Debt	1,265,627.32		\$ 1,265,627.32
	<u>\$ 4,836,319.99</u>	<u>\$ 3,570,692.67</u>	<u>\$ 1,265,627.32</u>

Net Debt \$1,265,627.32 divided by Equalized Valuation Basis per NJSA 40A:2-2, \$291,189,463.33 = .435%.

BORROWING POWER UNDER NJSA 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 10,191,631.22
Net Debt	1,265,627.32
Remaining Borrowing Power	<u>\$ 8,926,003.90</u>

The foregoing information agrees with the Annual Debt Statement filed by the Township.

Calculation of "Self-Liquidating Purpose" Sewer Utility per NJSA 40:2-45

Cash Receipts from Fees, Rents, or Other Charges	\$ 308,297.76
Deductions:	
Operating and Maintenance Costs	\$ 169,075.00
Debt Service	<u>136,310.68</u>
	305,385.68
Excess in Revenue	<u>\$ 2,912.08</u>

NOTE 13: OPERATING LEASES

The Township has a commitment to lease a digital mailing system with a term of 60 months. The monthly lease payment is \$97.85 per month. Future lease payments are as follows:

Year Ended	Payments
<u>December</u>	
2020	\$ 1,174.20
2021	<u>1,076.35</u>
	<u>\$ 2,250.55</u>

NOTE 14: LABOR CONTRACTS

As of December 31, 2019, there are no collective bargaining units in the Township of Alloway.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 15: PENSION FUNDS

Description of Plans - Substantially all eligible employees of the Township are covered by the Public Employees' Retirement System, (PERS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Township established Defined Contribution Retirement Program by ordinance on August 20, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Township's contributions to DCRP for the years ending December 31, 2019, 2018, and 2017, were \$2,011.70, \$1,722.03, and \$1,388.38, respectively, equal to the required contributions for each year.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS provides for employee contributions of 7.50% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in the PERS. The PERS employer rate in effect is 14.11% of covered payroll, as reported on June 30, 2017. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township's contributions for PERS for the years ending December 31, 2019, 2018, and 2017, were \$35,998.00, \$42,187.59, and \$26,139.00, respectively, equal to the required contributions for each year.

The total payroll for the years ending December 31, 2019, 2018, and 2017, was \$426,181.52, \$425,434.62, and \$387,833.86.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the way the Public Employees' Retirement System (PERS) operates and to the benefit provisions of those systems.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 15: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued)

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

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of the PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of the PERS to 1/60th from 1/55th, and it provided that new members of the PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of the PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only.

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

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

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 16: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS retirement systems.

Public Employee’s Retirement System - At December 31, 2019, the Township’s liability was \$649,899 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township’s proportion of the net pension liability was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019 and 2018, the Township’s proportion was 0.0036068473% and 0.0035912200%, respectively.

For the year ended December 31, 2019, the Township’s pension expense would have been \$25,806 if New Jersey municipalities followed GAAP accounting principles. The Township’s deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 5,335
Changes of Assumptions		189,582
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		15,946
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	\$ 11,377	
	\$ 11,377	\$ 210,863

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles. If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 16: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Public Employee's Retirement System (Continued)

<u>Year Ended</u>	
2021	\$ (21,475)
2022	(47,031)
2023	(71,802)
2024	(56,649)
2025	(2,529)
	<u>\$ (199,486)</u>

Additional information – Collective balances at June 30, 2019 and 2018, are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective Deferred Outflows of Resources:	\$ 3,149,522,616	\$ 4,684,852,302
Collective Deferred Inflows of Resources:	7,645,087,574	7,646,736,226
Collective Net Pension Liability	<u>18,018,482,972</u>	<u>19,689,501,539</u>
Township's Proportion	0.0036068473%	0.0035912200%

Contributions - The contribution policy for the PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Township's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

The total pension liability for the June 30, 2019, measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 16: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

The actuarial assumptions used in the July 1, 2018 valuation was based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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.state.nj.us/treasury/pensions/gasb-notice.shtml>.

NOTE 17: POSTEMPLOYMENT BENEFITS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net other postemployment benefit (OPEB) liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. The Township does not provide for any post-retirement benefits to retirees therefore, no disclosures are required.

NOTE 18: 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. The Township maintains commercial insurance coverage for property, liability, and surety bonds. The Township of Alloway is a member of the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have not been any insurance claims in excess of coverage amounts during the year.

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s Trust Fund for the current and previous two years:

Year	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2019	\$ 76.74	None		\$ 15,790.62
2018	53.02	None		15,713.88
2017	23.56	None	\$ 129.11	15,660.86

**TOWNSHIP OF ALLOWAY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 19: COMMITMENTS AND CONTINGENCIES

The Township participates in federal and state assistance grant programs. The Township is potentially liable for expenditures which may be disallowed pursuant to the terms of the 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 Alloway Counsel's opinion there are no cases of litigation and/or contingent liability that are pending against the Township of Alloway that could have an adverse effect on the financial position in the future.

NOTE 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and June 18, 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.

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

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

	Year Ended						
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Township's Proportion of the Net Pension Liability (Asset)	0.0036068473%	0.0035912200%	0.0044551277%	0.0029149501%	0.0029362645%	0.0030972158%	0.0037403801%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 649,899	\$ 707,093	\$ 1,037,083	\$ 863,325	\$ 659,133	\$ 579,884	\$ 714,861
Township's Covered-Employee Payroll	233,760	245,388	236,686	244,931	209,314	218,931	222,860
Township's Proportionate Share of the Net Pension Liability (Asset) as Percentage of its Covered-Employee Payroll	278.02%	288.15%	438.17%	352.48%	314.90%	264.87%	320.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.59%	48.10%	40.13%	47.92%	52.08%	48.72%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS
Last Seven Fiscal Years

	Year Ended						
	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Contractually Required Contribution	\$ 35,084	\$ 35,721	\$ 41,272	\$ 25,896	\$ 25,244	\$ 25,533	\$ 28,183
Contributions in Relation to the Contractually Required Contribution	35,084	35,721	41,272	25,896	25,244	25,533	28,183
Contribution Deficiency (Excess)	None	None	None	None	None	None	None
Township's Covered-Employee Payroll	\$ 233,760	\$ 245,388	\$ 236,686	\$ 244,931	\$ 209,314	\$ 218,931	\$ 222,860
Contributions as a Percentage of Covered-Employee Payroll	15.01%	14.56%	17.44%	10.57%	12.06%	11.66%	12.65%
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

SUPPLEMENTARY INFORMATION

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 Alloway
49 South Greenwich Street
Alloway, New Jersey 08001

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, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Township of Alloway, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township of Alloway's basic financial statements, and have issued our report thereon dated June 18, 2020, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Alloway'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 Alloway's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



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

June 18, 2020

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll	Federal and State Grants
Balance December 31, 2018	A	\$ 3,237,986.22		\$ 38,757.07
Increased by Receipts:				
Tax Collector	A-5	8,756,394.85		
Grants Receivable	A-6			20,663.65
Revenue Accounts Receivable	A-10	848,581.80		
Due State of New Jersey:				
Marriage Licenses		275.00		
Construction DCA Fees		3,856.00		
Reserve for Abandoned Property	A	5,500.00		
Due Municipal Open Space Trust		9,501.50		
Due Current Fund	A-4	145.80		975.00
Due Storm Recovery Trust Fund		5,829.46		
Due Developer's Escrow Trust		41.19		
Due Haluska Trust		1,106.15		
Due from Payroll Trust			\$ 901.76	
Due State of New Jersey - Homestead Rebate	A-7	94,514.95		
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-13	45,865.75		
Employee Withholding			105,513.12	
Employer Share Taxes & Refunds			71,044.83	
Net Payroll			320,668.40	
Total Receipts		9,771,612.45	498,128.11	21,638.65
		13,009,598.67	498,128.11	60,395.72
Decreased by Disbursements:				
Current Year Budget Appropriations	A-3	1,352,272.91		
Appropriation Reserves	A-11	25,032.04		
Encumbrances Payable	A-12	5,189.76		710.61
Reserve for Grants - Appropriated Accounts Payable	A-15			19,358.90
Tax Overpayments Refunded		3,522.91		
Prior Year Refund	A-1	420.01		
Due Municipal Open Space Trust		17,086.50		
Due Storm Recovery Trust		3,890.63		
Due Sewer Operating Fund	D-5	4,999.51		
Due State of New Jersey:				
Marriage Licenses		250.00		
Construction DCA Fees		6,053.48		
Due Federal and State Grant Fund	A-4	975.00		
County Added - Omitted Taxes		55,924.51		
Due Current Fund	A-4		145.80	
County Taxes	A-7	3,464,030.42		
County Open Space Tax	A-7	59,399.29		
Municipal Open Space Tax	A-7	14,088.30		
Local District School Tax	A-14	4,240,301.00		
Net Payroll			320,668.40	
Payroll Taxes Payable			176,557.35	
		9,253,436.27	497,371.55	20,069.51
Balance December 31, 2019	A	\$ 3,756,162.40	\$ 756.56	\$ 40,326.21

SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2018	Ref. A		\$ 308,394.96
Increased by Receipts:			
Taxes Receivable	A-7	\$ 8,181,756.65	
Tax Title Liens	A-8	25,736.08	
Revenue Accounts Receivable	A-10	60,790.75	
Prepaid Taxes	A	165,230.47	
Tax Overpayments		14,485.94	
			<u>8,447,999.89</u>
			8,756,394.85
Decreased by Disbursements:			
Paid to Treasurer	A-4		<u>8,756,394.85</u>

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2018	Budget Revenue Realized	Received	Balance Dec. 31, 2019
NJ DOT	\$ 20,775.31			\$ 20,775.31
Clean Communities		\$ 13,430.20	\$ 13,430.20	
Municipal Alliance	3,911.86	3,900.00	3,900.00	3,911.86
Recycling Tonnage		3,333.45	3,333.45	
Association NJ Environmental Commission	23.20			23.20
NJ Environmental Protection	2,500.00			2,500.00
	<u>\$ 27,210.37</u>	<u>\$ 20,663.65</u>	<u>\$ 20,663.65</u>	<u>\$ 27,210.37</u>
Ref.	A	A-2	A-4	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2018			2018	2019				Dec. 31, 2019
2017	\$ 0.44				\$ 0.44				
2018	149,818.18		\$ 615.51		140,554.08		\$ 1,126.98	\$ 8,752.46	\$ 0.17
	149,818.62		615.51		140,554.52		1,126.98	8,752.46	0.17
2019		\$ 8,625,172.69		\$ 190,479.65	8,180,717.08	\$ 8,027.81	10,561.80	80,685.70	154,700.65
	<u>\$ 149,818.62</u>	<u>\$ 8,625,172.69</u>	<u>\$ 615.51</u>	<u>\$ 190,479.65</u>	<u>\$ 8,321,271.60</u>	<u>\$ 8,027.81</u>	<u>\$ 11,688.78</u>	<u>\$ 89,438.16</u>	<u>\$ 154,700.82</u>
Ref.	A			A				A-8	A
				Ref.					
				Cash - Collector	A-5	\$ 8,181,756.65			
				Due State of New Jersey - Homestead Rebate	A-4	94,514.95			
				Due State of New Jersey - Senior Citizens & Veterans	A-13	45,000.00			
						<u>\$ 8,321,271.60</u>			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		\$ 12,092.12	
General Property Tax		8,562,047.40	
		<hr/>	
			\$ 8,574,139.52
Added and Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)			51,033.17
			<hr/>
			\$ 8,625,172.69

Tax Levied

	Ref.		
Local District School Tax (Abstract)	A-14		\$ 4,278,155.00
County Taxes:			
County Tax (Abstract)	A-1	\$ 3,464,030.42	
County Open Space Tax (Abstract)	A-1	59,399.29	
Due County for Added and Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)	A-1	21,127.04	
		<hr/>	
Total County Taxes			3,544,556.75
Local Tax for Municipal Purposes	A-2	756,600.00	
Municipal Open Space	A-1	14,088.30	
Add: Additional Taxes Levied		31,772.64	
		<hr/>	
			802,460.94
			<hr/>
			\$ 8,625,172.69

EXHIBIT A-8

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2018	Ref. A		\$ 307,439.22
Increased by:			
Transfers from Taxes Receivable	A-7		89,438.16
Interest and Costs on Tax Sale			2,150.45
			<hr/>
			91,588.61
Decreased by:			
Cash Receipts	A-5		25,736.08
Balance December 31, 2019	A		\$ 373,291.75

EXHIBIT A-9

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2018	Ref. A		\$ 187,500.00
Balance December 31, 2019	A		\$ 187,500.00

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Accrued	Collected by	
		Treasurer	Collector
Miscellaneous Revenue Anticipated			
Licenses:			
Alcoholic Beverages	\$ 1,186.80	\$ 1,186.80	
Fines and Costs:			
Municipal Court	5,329.51	5,329.51	
Interest and Costs on Taxes	55,307.58		\$ 55,307.58
Interest on Investments	20,024.38	16,104.06	3,920.32
Salem County Utilities Authority - Host			
Community Benefits	355,563.68	355,563.68	
Energy Receipts Tax	327,413.00	327,413.00	
Garden State Trust PILOT	57,622.00	57,622.00	
Watershed Moratorium Aid	188.00	188.00	
Uniform Construction Code	34,816.00	34,816.00	
Uniform Fire Safety Act	276.25	276.25	
Miscellaneous Revenue Not Anticipated			
Cable Television Franchise Fee	8,038.54	8,038.54	
Verizon FIOS Payment	2,027.17	2,027.17	
Recycling Fees	10,364.58	10,364.58	
Prior Year JIF Reimbursement	1,595.87	1,595.87	
Housing and Zoning Fees	6,230.00	6,230.00	
Tax Sale Premiums Forfeited	10,100.00	10,100.00	
Fees and Permits	4,748.00	4,548.00	200.00
Miscellaneous and Refunds	3,979.62	3,979.62	
Advertising Costs	1,112.85		1,112.85
Senior Citizen Chargeback	250.00		250.00
Senior Citizen & Veterans Admin. Fee	1,073.72	1,073.72	
Use of Building	2,125.00	2,125.00	
	<u>\$ 909,372.55</u>	<u>\$ 848,581.80</u>	<u>\$ 60,790.75</u>
Ref.		A-4	A-5

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses:				
Municipal Clerk	\$ 1,783.77	\$ 1,783.77	\$ 68.99	\$ 1,714.78
Financial Administration	1,811.89	1,811.89	152.42	1,659.47
Webmaster	1,730.00	1,730.00	600.00	1,130.00
Revenue Administration (Tax Collection)	2,803.01	2,803.01	72.00	2,731.01
Tax Assessment	4,690.92	4,690.92	10.01	4,680.91
Planning Board	3,104.93	3,104.93	18.35	3,086.58
Safety Equipment Program	2,930.05	2,930.05	1,700.00	1,230.05
Miscellaneous Other Expense	651.25	651.25	231.25	420.00
Road Repair and Maintenance	2,141.55	2,141.55	689.49	1,452.06
Aid to Volunteer Fire	6,412.50	6,412.50	6,412.50	
Recycling	3,693.68	3,693.68	1,845.77	1,847.91
Snow Removal	2,890.00	2,890.00	1,690.00	1,200.00
Emergency Management	902.82	902.82	293.00	609.82
Salem County Utility Authority - Tipping Fees	6,079.14	6,079.14	4,846.31	1,232.83
Electricity	4,247.74	4,247.74	2,959.83	1,287.91
Street Lighting	4,837.99	4,837.99	2,025.55	2,812.44
Telephone	1,322.73	1,322.73	46.52	1,276.21
Fuel Oil (Heating)	9,363.97	9,363.97	1,103.77	8,260.20
Recycling Tax	586.56	586.56	266.28	320.28
Other Accounts - No Change	71,614.18	71,614.18		71,614.18
	<u>\$ 133,598.68</u>	<u>\$ 133,598.68</u>	<u>\$ 25,032.04</u>	<u>\$ 108,566.64</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2018	A	\$ 12,773.47	\$ 8,093.22
Increased by:			
Charges to Budget Appropriations	A-3	12,424.99	
Reserve for Grants	A-15		3,962.34
		<u>25,198.46</u>	<u>12,055.56</u>
Decreased by:			
Payments	A-4	5,189.76	710.61
Cancel to Grants Appropriated	A-15		7,382.61
Canceled	A-1	7,583.71	
Balance December 31, 2019	A	<u>\$ 12,424.99</u>	<u>\$ 3,962.34</u>

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

	Ref.		
Balance December 31, 2018	A		\$ 1,084.25
Increased by:			
Receipts	A-4		45,865.75
			<u>46,950.00</u>
Decreased by:			
Deductions Per Tax Duplicate		\$ 45,250.00	
Deductions Allowed by Collector		250.00	
Deductions Disallowed by Collector		(500.00)	
			<u>45,000.00</u>
Prior Year Deductions Disallowed by Collector	A-1	(300.00)	
			<u>44,700.00</u>
Balance December 31, 2019	A		<u>\$ 2,250.00</u>

EXHIBIT A-14

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	Ref.		
Balance December 31, 2018:			
School Tax Payable	A	\$ 1,566,142.45	
School Tax Deferred		540,000.00	
			<u>\$ 2,106,142.45</u>
Increased by:			
Levy - School Year July 1, 2019 to June 30, 2020	A-7		4,278,155.00
			<u>6,384,297.45</u>
Decreased by:			
Payments	A-4		4,240,301.00
			<u>4,240,301.00</u>
Balance December 31, 2019:			
School Tax Payable	A	\$ 1,603,996.45	
School Tax Deferred		540,000.00	
			<u>\$ 2,143,996.45</u>
Tax Liability for Local District School Tax:			
Tax Paid	A-14		\$ 4,240,301.00
Tax Payable December 31, 2019	A-14		1,603,996.45
			<u>5,844,297.45</u>
Less: Tax Payable December 31, 2018	A-14		1,566,142.45
			<u>\$ 4,278,155.00</u>
Amount Charged to Current Year Operations	A-1		<u>\$ 4,278,155.00</u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2018	Budget Appropriation	Paid	Encumbrance	Encumbrance Canceled	Balance Dec. 31, 2019
State Grants:						
Clean Communities Act	\$ 34,102.23	\$ 13,430.20	\$ 14,364.04	\$ 1,332.34		\$ 31,836.05
NJ DOT	14,347.70				\$ 7,382.61	21,730.31
Recycling Tonnage	5,770.59	3,333.45				9,104.04
Municipal Alliance	3,628.50	4,875.00	4,994.86	2,630.00		878.64
Association NJ Environmental Commission	25.20					25.20
	<u>\$ 57,874.22</u>	<u>\$ 21,638.65</u>	<u>\$ 19,358.90</u>	<u>\$ 3,962.34</u>	<u>\$ 7,382.61</u>	<u>\$ 63,574.24</u>
Ref.	A	A-3	A-4	A-12	A-12	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust Fund	Bequest William Haluska	Donations Veteran's Memorial	Developer's Escrow Trust Fund	Payroll Agency Trust	Recreation Trust	Storm Recovery Trust	Open Space Trust Fund	Unemployment Compensation Fund
Balance December 31, 2018	B	\$ 14,725.88	\$ 87,755.86	\$ 2,114.51	\$ 20,783.23	\$ 901.76	\$ 16,022.34	\$ 1,938.83	\$ 90,146.40	\$ 15,713.88
Increased by Receipts:										
Interest Earned		53.87	439.53	11.44	105.26		79.92	18.08	461.16	76.74
Dog License Fees:										
Municipal Share	B-3	10,384.20								
State Share		1,408.80								
Storm Recovery Fees								7,354.00		
Donations Veterans' Memorial				602.63						
Developer's Escrow Fees					141,492.97					
Recreation Trust Fees							7,314.80			
Due Current Fund								3,890.63	7,585.00	
Municipal Open Space Receipts									9,501.50	
Municipal Open Space Tax	A-4								14,088.30	
Total Receipts		11,846.87	439.53	614.07	141,598.23		7,394.72	11,262.71	31,635.96	76.74
		26,572.75	88,195.39	2,728.58	162,381.46	901.76	23,417.06	13,201.54	121,782.36	15,790.62
Decreased by Disbursements:										
Expenditures Under RS 4:19-15.11	B-3	21,605.28								
Due State of NJ Department of Health		1,408.80								
Bequest - William Haluska			454.70							
Donations Veterans' Memorial				864.98						
Developer's Escrow Fees					4,608.44					
Recreation Trust Fees							8,818.02			
Storm Recovery Fees								3,623.22		
Municipal Open Space									7,605.00	
Encumbrances Payable		1,129.20			4,356.16					
Transfer to Current		53.87	1,106.15	11.44	121.06	901.76	79.92	5,847.54		
Total Disbursements		24,197.15	1,560.85	876.42	9,085.66	901.76	8,897.94	9,470.76	7,605.00	
Balance December 31, 2019	B	\$ 2,375.60	\$ 86,634.54	\$ 1,852.16	\$ 153,295.80		\$ 14,519.12	\$ 3,730.78	\$ 114,177.36	\$ 15,790.62

EXHIBIT B-2

SCHEDULE OF TRUST FUND CASH - COLLECTOR

	Ref.	Tax Sale Premium	Tax Sale Redemption
Balance December 31, 2018	B	\$ 32,780.84	\$ 25,230.75
Increased by:			
Interest Earned		59.33	77.01
Deposits for:			
Redemption of Tax Sale Certificates			76,247.72
Tax Sale Premiums		17,500.00	
		<u>17,559.33</u>	<u>76,324.73</u>
Decreased by:			
Redemption of Tax Sale Certificates			100,339.92
Tax Sale Premiums		32,500.00	
		<u>32,500.00</u>	<u>100,339.92</u>
Balance December 31, 2019	B	\$ 17,840.17	\$ 1,215.56

EXHIBIT B-3

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.	
Balance December 31, 2018	B	\$ 13,596.68
Increased by:		
Municipal Share of Dog License Fees	B-1	10,384.20
		<u>23,980.88</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	21,605.28
		<u>21,605.28</u>
Balance December 31, 2019	B	\$ 2,375.60

	Amount
2017	\$ 12,242.60
2018	10,738.80
	<u>\$ 22,981.40</u>

GENERAL CAPITAL FUND

SCHEDULE OF FUND BALANCE - GENERAL CAPITAL FUND

Balance December 31, 2018	Ref. C		\$ 1,547.41
Increased by:			
Improvement Authorizations Canceled	C-5		32,659.86
Balance December 31, 2019	C		<u>\$ 34,207.27</u>

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2018	Ref. C		\$ 204,730.18
Increased by:			
Interest Earned	C-3	\$ 1,251.63	
Grants Receivable	C-3	45,970.01	
Budget Appropriations:			
Capital Improvement Fund	C-4	160,000.00	
			<u>207,221.64</u>
			411,951.82
Decreased by:			
Improvement Authorizations	C-5	\$ 163,397.91	
Encumbrances Payable	C-3	13,581.19	
Due Current Fund	C-3	1,251.63	
			<u>178,230.73</u>
Balance December 31, 2019	C		<u>\$ 233,721.09</u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2018	Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 1,547.41						\$ 32,659.86	\$ 34,207.27
Grant Receivable - NJ DOT	(45,970.01)		\$ 45,970.01					
Reserve for:								
Purchase of an Ambulance	35,000.00							35,000.00
Alloway Lake Dam	12,665.56							12,665.56
Purchase of a Generator	10,000.00							10,000.00
Municipal Building Drainage Project	20,000.00							20,000.00
Capital Improvement Fund	18,542.59	\$ 160,000.00				\$ 183,000.00	23,228.40	18,770.99
Encumbrances Payable	14,593.69				\$ 13,581.19		3,500.00	4,512.50
Due Current Fund			1,251.63		1,251.63			
Due Sewer Capital Fund	20,000.00							20,000.00
Improvement Authorizations:								
Ordinance								
Number								
463	Improvements to Municipal Roads and Removal and Installation of Boiler and Oil Tanks at Fire House	7,318.81					7,318.81	
469	Improvements to Municipal Roads and Purchase of a Zero Turn Mower	25,341.05					25,341.05	
473	Improvements to Municipal Roads and Improvements to Fire House Building	13,741.86					13,741.86	
478	Improvements to Municipal Roads	1,233.34					1,233.34	
490	Improvements to Municipal Roads	8,253.20					8,253.20	
494	Improvements to Municipal Roads	18,173.35						18,173.35
500	Improvements to Municipal Roads	33,541.45						33,541.45
504	Reconstruction of Pierson Road Phase II	887.88						887.88
505	Various Acquisitions	9,860.00						9,860.00
517	Improvements to Municipal Roads			\$ 147,197.91			160,000.00	12,802.09
521	Various Acquisitions			16,200.00		3,500.00	23,000.00	3,300.00
		<u>\$ 204,730.18</u>	<u>\$ 160,000.00</u>	<u>\$ 47,221.64</u>	<u>\$ 14,832.82</u>	<u>\$ 242,388.26</u>	<u>\$ 242,388.26</u>	<u>\$ 233,721.09</u>
Ref.		C-2	C-2:C-4	C-2	C-5	C-2		C

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2018	C	\$ 18,542.59
Increased by:		
Budget Appropriation	C-2	160,000.00
Improvement Authorizations - Canceled	C-5	23,228.40
		<u>201,770.99</u>
Decreased by:		
Improvement Authorizations	C-5	183,000.00
Balance December 31, 2019	C	<u><u>\$ 18,770.99</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance	Authorizations	Paid or Charged	Encumbered	Canceled	Balance
		Date	Amount	Dec. 31, 2018 Funded					Dec. 31, 2019 Funded
463	Improvements to Municipal Roads and Removal and Installation of Boiler and Oil Tanks at Fire House	06/12/12	\$ 145,000.00	\$ 7,318.81				\$ 7,318.81	
469	Improvements to Municipal Roads and Purchase of a Zero Turn Mower	06/20/13	35,000.00	25,341.05				25,341.05	
473	Improvements to Municipal Roads and Improvements to Fire House Building	05/15/14	120,000.00	13,741.86				13,741.86	
478	Improvements to Municipal Roads	06/18/15	100,000.00	1,233.34				1,233.34	
490	Improvements to Municipal Roads	09/26/16	120,000.00	8,253.20				8,253.20	
494	Improvements to Municipal Roads	05/18/17	120,000.00	18,173.35					\$ 18,173.35
500	Improvements to Municipal Roads	05/17/18	120,000.00	33,541.45					33,541.45
504	Reconstruction of Pierson Road Phase II	06/21/18	135,000.00	887.88					887.88
505	Various Acquisitions	07/19/18	20,000.00	9,860.00					9,860.00
517	Improvements to Municipal Roads	05/16/19	160,000.00		\$ 160,000.00	\$ 147,197.91			12,802.09
521	Various Acquisitions	10/17/19	23,000.00		23,000.00	16,200.00	\$ 3,500.00		3,300.00
				<u>\$ 118,350.94</u>	<u>\$ 183,000.00</u>	<u>\$ 163,397.91</u>	<u>\$ 3,500.00</u>	<u>\$ 55,888.26</u>	<u>\$ 78,564.77</u>
		Ref.	C	C	C-4	C-2			C
	Fund Balance			C-1				\$ 32,659.86	
	Capital Improvement Fund			C-4				23,228.40	
								<u>\$ 55,888.26</u>	

SCHEDULE OF LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2018	Decreased	Balance Dec. 31, 2019
Alloway Lake Dam	12/8/2009	\$ 2,684,468.94	2.00%	\$ 1,420,550.72	\$ 154,923.40	\$ 1,265,627.32
			Ref.	C		C

SEWER UTILITY FUND

SCHEDULE OF SEWER UTILITY CASH

	Ref.	Operating	Capital	Collector
Balance December 31, 2018	D	\$ 368,355.25	\$ 144,350.02	\$ 32,394.62
Increased by:				
Miscellaneous Revenue	D-3	2,047.31	746.07	5,921.21
Transfer from Sewer Collector	D-5	338,554.65		
Transfer from Sewer Capital Fund	D-5	746.07		
Consumer Accounts Receivable	D-8			298,946.14
Capital Improvement Fund	D-10		16,800.00	
Due from Current Fund	A-4	4,999.51		
Sewer Overpayments				1,292.68
		<u>346,347.54</u>	<u>17,546.07</u>	<u>306,160.03</u>
		<u>714,702.79</u>	<u>161,896.09</u>	<u>338,554.65</u>
Decreased by:				
Current Year Budget Appropriations	D-4	223,140.55		
Appropriation Reserves	D-11	1,248.60		
Encumbrances Payable	D-12	2,801.25		
Accrued Interest on Bonds		97,189.83		
Transfer to Sewer Operating	D-5		746.07	338,554.65
		<u>324,380.23</u>	<u>746.07</u>	<u>338,554.65</u>
Balance December 31, 2019	D	<u>\$ 390,322.56</u>	<u>\$ 161,150.02</u>	

ANALYSIS OF SEWER UTILITY CAPITAL CASH

	Balance Dec. 31, 2018	Budget	Receipts Miscellaneous	Disbursements Miscellaneous	Balance Dec. 31, 2019
Fund Balance	\$ 79,350.02				\$ 79,350.02
Due General Capital Fund	(20,000.00)				(20,000.00)
Due Sewer Operating Fund	(20,000.00)		\$ 746.07	\$ 746.07	(20,000.00)
Capital Improvement Fund	105,000.00	\$ 16,800.00			121,800.00
	<u>\$ 144,350.02</u>	<u>\$ 16,800.00</u>	<u>\$ 746.07</u>	<u>\$ 746.07</u>	<u>\$ 161,150.02</u>
Ref.	D	D-5	D-5	D-5	D

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2018	Balance Dec. 31, 2019
Sanitary Sewer Station and Accessories	\$ 6,953,123.33	\$ 6,953,123.33
Ref.	D	D

EXHIBIT D-8

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2018	Ref. D		\$ 60,606.95
Increased by: Billings			<u>335,300.25</u>
			395,907.20
Decreased by:			
Collections	D-5	\$ 298,946.14	
Overpayment Applied		637.03	
Transfer to Liens	D-9	<u>7,935.13</u>	
			<u>307,518.30</u>
Balance December 31, 2019	D		<u><u>\$ 88,388.90</u></u>

EXHIBIT D-9

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance December 31, 2018	Ref. D		\$ 15,651.25
Increased by:			
Transfers from:			
Consumer Accounts Receivable	D-8		7,935.13
Interest and Costs of Sale			<u>222.12</u>
			8,157.25
Balance December 31, 2019	D		<u><u>\$ 23,808.50</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2018	Ref. D	\$ 105,000.00
Increased by:		
Budget Appropriation	D-5	16,800.00
Balance December 31, 2019	D	<u>\$ 121,800.00</u>

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Balance After Transfers	Paid or Charged	Lapsed
Salary & Wages	\$ 2,101.42	\$ 601.42		\$ 601.42
Other Expenses	18.24	1,518.24	\$ 1,248.60	269.64
Other Accounts - No Change	813.17	813.17		813.17
	<u>\$ 2,932.83</u>	<u>\$ 2,932.83</u>	<u>\$ 1,248.60</u>	<u>\$ 1,684.23</u>
Ref.	D		D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund
Balance December 31, 2018	D	<u>\$ 4,096.57</u>
Decreased by:		
Payments	D-5	2,801.25
Canceled to Fund Balance	D-1	1,295.32
		<u>4,096.57</u>

SCHEDULE OF LOAN PAYABLE - USDA

Ordinance Number	Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2018	Decreased	Balance Dec. 31, 2019
325/378/408	Construction of a Sanitary Sewer	12/8/2009	\$ 1,095,000.00	4.25%	\$ 979,755.11	\$ 15,706.97	\$ 964,048.14
325/378/408	Construction of a Sanitary Sewer	12/8/2009	1,219,300.00	4.25%	1,090,984.57	17,488.38	1,073,496.19
325/378/408	Construction of a Sanitary Sewer	10/7/2010	361,700.00	3.25%	319,207.16	6,058.82	313,148.34
					<u>\$ 2,389,946.84</u>	<u>\$ 39,254.17</u>	<u>\$ 2,350,692.67</u>
				Ref.	D		D

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

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.

Our examination of expenditures did not reveal any 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.

The minutes indicate that bids were requested by public advertisement for the following items:

Maintenance and Repair Program

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

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 2, 2019, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Township Committee of the Township of Alloway, County of Salem and State of New Jersey, that the rate of interest to be collected by the Collector of Taxes of the Township of Alloway on all delinquent taxes and/or assessments shall be at the rate of (8%) per annum up to Fifteen Hundred Dollars (\$1,500.00) delinquency and Eighteen per centum (18%) per annum over Fifteen Hundred Dollars (\$1,500.00) delinquency, to be computed from the date that said taxes and/or assessments are due to the date of payment.

BE IT FURTHER RESOLVED that no interest shall be charged if payments of any installment is made within the tenth calendar day following the date upon which the same became payable.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 21, 2019, and was complete, except for bankruptcies from prior years not sold.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years.

<u>Year</u>	<u>Number of Liens</u>
2019	57
2018	60
2017	56

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 was made in accordance with the regulations of the Division of Local Government Services. Notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

PROPERTY TAX INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate:	3.043	3.000	2.946
Apportionment of Tax Rate:			
Municipal	0.268	0.258	0.249
County	1.230	1.215	1.192
County Open Space	0.022	0.022	0.022
Local School	1.518	1.500	1.478
Municipal Open Space	0.005	0.005	0.005
Assessed Valuation	281,765,975	280,173,570	280,222,114

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 collections could be an indication of probable increase in future tax levies.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Levy	\$ 8,625,172.69	\$ 8,483,554.05	\$ 8,279,388.87
Cash Collections	8,379,224.54	8,237,950.74	8,050,403.52
Percentage of Collections	97.15%	97.10%	97.23%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of 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	\$ 373,291.75	\$ 307,439.22	\$ 255,644.20
Delinquent Taxes	154,700.82	149,818.62	156,228.26
Total Delinquent	527,992.57	457,257.84	411,872.46
Percentage of Tax Levy	6.12%	5.39%	4.97%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	2019	2018	2017
Property Acquired for Taxes (Assessed Valuation)	<u>187,500</u>	<u>187,500</u>	<u>187,500</u>

ASSESSED VALUATION OF REAL PROPERTY AND BUSINESS PERSONAL PROPERTY BY CLASSIFICATION

	2019	2018	2017	2016
Vacant	6,971,000	7,326,300	7,661,700	7,829,300
Residential	210,189,600	209,233,900	209,389,800	208,100,500
Farm	46,526,000	45,527,100	45,151,700	45,516,800
Farm Qualified	6,028,300	6,000,600	5,925,200	6,000,300
Commercial	11,653,700	11,708,000	11,708,000	11,604,300
	<u>281,368,600</u>	<u>279,795,900</u>	<u>279,836,400</u>	<u>279,051,200</u>
Telephone	397,375	377,670	385,714	399,169
Net Valuation Taxable	<u>281,765,975</u>	<u>280,173,570</u>	<u>280,222,114</u>	<u>279,450,369</u>
Assessed Value to True Value	96.67%	96.17%	96.07%	98.21%

TOP TAXPAYERS

	2019	2018
	<u>Assessed Valuation</u>	
T/P Campground	3,000,000	3,000,000
Angelo Massari Inc.	2,521,500	2,521,500
Taxpayer #1	1,039,600	835,200
Taxpayer #2	874,100	787,300
Taxpayer #3	835,200	723,900
Taxpayer #4	802,600	645,000
Fulton Bank	703,000	528,900
Taxpayer #5	693,200	580,400
NL Properties LLC	599,000	
Taxpayer #6		578,800
Taxpayer #7	578,800	559,100
	<u>11,647,000</u>	<u>10,760,100</u>

SEWER RENTS

An Ordinance regulating sewer connection and rate charges was adopted August 20, 2009. Alloway Township’s sewer bills shall be due and payable on March 1, June 1, September 1, and December 1, of each and every year and the first bill shall be prorated to reflect the date in which the property is connected to the sewer system. Interest will be charged on any overdue balance and delinquent unpaid sewer bills shall become a lien upon the property served until paid.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Delinquent Rents January 1	\$ 76,258.20	\$ 62,849.03	\$ 89,639.67
Billed & Interest & Costs	335,522.37	335,899.60	332,631.25
Collections	299,583.17	322,490.43	366,669.30
Percentage of Collections	72.75%	80.88%	86.83%

OTHER COMMENTS

Chief Financial Officer/Treasurer

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

Corrective Action Plan

A corrective action plan was not required to be filed for the year 2018 with the Division of Local Government Services.

Construction Code

The Construction Official’s computerized records were in agreement with the amount on deposit with the Chief Financial Officer.

STATUS OF PRIOR RECOMMENDATIONS

Not applicable

FINDINGS AND RECOMMENDATIONS

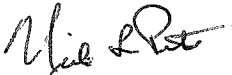
None

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

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,

PETRONI & ASSOCIATES LLC



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

June 18, 2020