

**TOWNSHIP OF OXFORD  
COUNTY OF WARREN  
STATE OF NEW JERSEY**

**REPORT OF AUDIT  
DECEMBER 31, 2019**



TOWNSHIP OF OXFORD

TABLE OF CONTENTS

**PART I - REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**

<b><u>AUDITORS' REPORTS</u></b>		<b><u>PAGE</u></b>
Independent Auditor's Report		8-10
 <b><u>FINANCIAL STATEMENTS</u></b>		
<b><u>CURRENT FUND</u></b>	<b><u>EXHIBIT</u></b>	
Comparative Balance Sheet	A	12-13
Comparative Statement of Operations and Change in Fund Balance	A-1	14
Statement of Revenues	A-2	15-18
Statement of Expenditures	A-3	19-24
 <b><u>TRUST FUND</u></b>		
Comparative Balance Sheet	B	25
 <b><u>GENERAL CAPITAL FUND</u></b>		
Comparative Balance Sheet	C	26
Schedule of Fund Balance	C-1	27
 <b><u>SEWER UTILITY FUND</u></b>		
Comparative Balance Sheet	D	28
Comparative Statement of Operations and Change in Fund Balance	D-1	29
Statement of Revenues	D-2	30
Statement of Expenditures	D-3	31
 <b><u>PUBLIC ASSISTANCE FUND</u></b>		
Comparative Balance Sheet	E	32
 <b><u>GENERAL FIXED ASSETS</u></b>		
Statement of General Fixed Assets	F	33
 <b><u>NOTES TO FINANCIAL STATEMENTS</u></b>		35-59

TOWNSHIP OF OXFORD

TABLE OF CONTENTS

**PART II - SUPPLEMENTARY INFORMATION**

<b><u>CURRENT FUND</u></b>	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
Schedule of Cash – Treasurer	A-4	61
Schedule of Cash - Collector	A-5	62
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	63
Schedule of Tax Title Liens	A-7	64
Schedule of Property Acquired for Taxes (at Assessed Valuation)	A-8	65
Schedule of Revenue Accounts Receivable	A-9	66
Schedule of Appropriation Reserves - 2018	A-10	67
Schedule of Reserve for Encumbrances	A-11	68
Schedule of Taxes Collected in Advance	A-12	69
Schedule of Tax Overpayments	A-13	70
Schedule of County Taxes Payable	A-14	71
Schedule of Local District School Tax Payable	A-15	72
Schedule of Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-16	73
Schedule of State/Federal Grants Receivable	A-17	74
Schedule of Appropriated Reserves for State Grants	A-18	75
Schedule of Unappropriated Reserves for State Grants	A-19	76
Schedule of Various Reserves	A-20	77
Schedule of Reserve for Amount Due State - Marriage License Fees	A-21	78
Schedule of Reserve for Outside Lien Holders	A-22	79
Schedule of Deferred Charges to Future Taxation	A-23	80
<b><u>TRUST FUND</u></b>	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
Schedule of Cash - Treasurer	B-2	82
Schedule of Reserve for Dog Fund Expenditures	B-3	83
Schedule of Amount Due to State of New Jersey Department of Health	B-4	84
Schedule of Amount Due Current Fund - Dog License Fund	B-5	85
Schedule of Amount Due Current Fund - Other Trust Funds	B-6	86
Schedule of Reserve for Tax Sale Premiums	B-7	87
Schedule of Reserve for Developer's Escrow Trust Deposits	B-8	88
Schedule of Reserve for Payroll Trust Fund Deposits	B-9	89
Schedule of Reserve for Tot Lot Escrow Trust Deposits	B-10	90
Schedule of Reserve for COAH Trust Deposits	B-11	91
Schedule of Reserve for Unemployment Trust Fund Deposits	B-12	92
Schedule of Reserve for Lake Trust	B-13	93

TOWNSHIP OF OXFORD

TABLE OF CONTENTS

**PART II - SUPPLEMENTARY INFORMATION**

<b><u>GENERAL CAPITAL FUND</u></b>	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
Schedule of Cash - Treasurer	C-2	95
Schedule of Amount Due Current Fund	C-3	96
Schedule of Deferred Charges to Future Taxation-Funded	C-4	97
Schedule of Deferred Charges to Future Taxation-Unfunded	C-5	98
Schedule of Capital Improvement Fund	C-6	99
Schedule of Improvement Authorizations	C-7	100
Schedule of Various Reserves	C-8	101
Schedule of Serial Bonds Payable	C-9	102
Schedule of Bond Anticipation Notes	C-10	103
<b><u>SEWER UTILITY FUND</u></b>	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
Schedule of Cash - Treasurer	D-4	105
Schedule of Cash - Collector	D-5	106
Schedule of Consumer Accounts Receivable	D-6	107
Schedule of Appropriation Reserves-2018	D-7	108
Schedule of Amount Due Current Fund	D-8	109
Schedule of Sewer Rent Overpayments	D-9	110
Schedule of Fixed Capital	D-10	111
Schedule of Loans Payable	D-11	112
Schedule of Improvement Authorizations	D-12	113
<b><u>PUBLIC ASSISTANCE FUND</u></b>		
Schedule of Cash - Treasurer	E-1	115
<b><u>GENERAL FIXED ASSETS</u></b>		
Schedule of Additions and Deletions	F-1	117

**PART III - SUPPLEMENTARY INFORMATION**

	<b><u>PAGE</u></b>
General Comments	120-128
Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	129-130
Schedule of Federal/State Awards	132
Notes to Federal/State Awards	133
Status of Prior Audit Findings	134-135
Schedule of Findings and Responses	136-140



**PART I**  
**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

## **AUDITORS' REPORTS**





# **ARDITO & COMPANY LLC**

---

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Township Committee  
Township of Oxford  
County of Warren, New Jersey  
11 Green Street  
Oxford, New Jersey 07863

### ***Report on the Financial Statements***

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Township of Oxford, County of Warren, State of New Jersey (the "Township"), as of December 31, 2019 and 2018, and the related comparative statements 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, and the related notes to the financial statements for the year ended December 31, 2019, which collectively comprise the Township's basic financial statements 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 accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of

-Continued-

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 Township'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 to the financial statements, the Township prepares its financial statements in accordance with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group, or fixed assets of the utility general capital account. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual cost. We are, therefore, unable to express an opinion as to the general fixed asset account group and the utility general capital fixed assets at December 31, 2019 stated at \$6,444,683 and \$2,967,183 respectively, and \$6,346,333 and \$2,967,183 respectfully for 2018.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, or the results of its operations and changes in its fund balances for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed asset account group and utility fixed assets been audited, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2019 and 2018, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the years then ended, in accordance with accounting principals and practices as described in Note 1 to the financial statements.

***Emphasis of Matter***

As described in Note 15 to the financial statements, in March 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" in response to the coronavirus outbreak, and New Jersey Governor Murphy has declared a state of emergency via Executive Order 103 on March 9, 2020 in response to the coronavirus outbreak. Given the uncertainty of the situation, the duration of any municipal operational disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

-Continued-

**Other Matters**

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements-regulatory basis. The supplementary information listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements-regulatory basis.

The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis 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-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the Supplementary information referred to above.

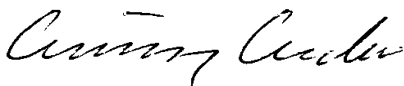
**Other Reporting Required by Government Auditing Standards**

In accordance with **Government Auditing Standards**, we have also issued our report dated April 30, 2020, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

ARDITO & COMPANY LLC



Frenchtown, New Jersey  
April 30, 2020



Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & COMPANY LLC  
Frenchtown, New Jersey  
April 30, 2020

## **FINANCIAL STATEMENTS**

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 1

ASSETS	<u>REF.</u>	BALANCE <u>12/31/19</u>	BALANCE <u>12/31/18</u>
<b>Cash And Cash Equivalents:</b>			
Cash - Treasurer	A-4	\$ 2,996,677	\$ 2,949,732
Subtotal		<u>2,996,677</u>	<u>2,949,732</u>
<b>Receivables And Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-6	258,019	214,652
Tax Title Liens Receivable	A-7	469,412	428,163
Property Acquired for Taxes	A-8	2,207,100	2,207,100
Revenue Accounts Receivable	A-9	-	56,391
Amount Due From Dog License Fund	B	8,417	8,610
Amount Due To Sewer Operating Fund	D	45,673	-
Subtotal		<u>2,988,621</u>	<u>2,914,916</u>
<b>Deferred Charges:</b>			
Special Emergency Authorizations	A-23	<u>19,165</u>	<u>38,330</u>
<b>Federal And State Grant Fund:</b>			
Amount Due From Current Fund	A	181,894	202,300
Federal/State Grants Receivable	A-17	<u>241,627</u>	<u>17,887</u>
Subtotal		<u>423,521</u>	<u>220,187</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 6,427,984</u></b>	<b><u>\$ 6,123,165</u></b>

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

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 2

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>12/31/18</u>
<b>Liabilities:</b>			
Appropriation Reserves	A-3:10	\$ 344,455	\$ 147,194
Amount Due To Grants Fund	A	181,894	202,300
Amount Due To Other Trust	B	142,666	117,866
Amount Due To General Capital Fund	C	718,517	653,764
Amount Due To Sewer Utility Fund	D	-	36,854
Taxes Collected In Advance	A-12	27,854	20,322
Tax Overpayments	A-13	51,172	24,244
Local District School Taxes Payable	A-15	219,150	186,637
Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-16	3,831	3,831
Reserve for Various	A-20	359,324	514,131
Amount Due to State of New Jersey for Marriage License Fees	A-21	25	25
Amount Due Outside Liens - Due Other Trust	A-22	6,873	4,694
Subtotal		<u>2,055,761</u>	<u>1,911,862</u>
Reserve For Receivables And Other Assets	A	2,988,621	2,914,916
Fund Balance	A-1	960,081	1,076,200
Subtotal		<u>6,004,463</u>	<u>5,902,978</u>
<b>Federal And State Grant Fund:</b>			
Reserve For State Grants - Appropriated	A-18	422,693	158,905
Reserve For State Grants - Unappropriated	A-19	828	61,282
Subtotal		<u>423,521</u>	<u>220,187</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 6,427,984</u></b>	<b><u>\$ 6,123,165</u></b>

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

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE

A-1

<b>REVENUE AND OTHER INCOME REALIZED</b>	<u>REF.</u>	<u>YEAR</u> <u>2019</u>	<u>YEAR</u> <u>2018</u>
Fund Balance Utilized	A-2	\$ 374,093	\$ 138,000
Miscellaneous Revenue Anticipated	A-2	1,447,215	1,649,324
Receipts From Delinquent Taxes	A-2	214,380	497,479
Receipts From Current Taxes	A-2	6,210,983	6,048,299
Non-Budget Revenues	A-2	77,124	78,286
<u>Other Credits To Income:</u>			
Interfunds Returned - Dog License Fund	B	193	-
Unexpended Balance of Appropriation Reserves	A-10	126,842	97,667
Tax Overpayments Canceled	A-13	4,980	8,044
<b>TOTAL INCOME</b>		<u>8,455,810</u>	<u>8,517,099</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	435,576	425,719
Other Expenses	A-3	1,295,031	1,332,162
Deferred Charges and Statutory Expenditures	A-3	69,779	73,854
Operations Excluded from "CAPS":			
Other Expenses	A-3	143,568	158,555
Capital Improvements	A-3	406,000	125,000
Municipal Debt Service	A-3	214,420	206,818
Deferred Charges and Statutory Expenditures	A-3	19,165	21,965
County Taxes	A-14	1,282,548	1,288,635
Amount Due County For Added and Omitted Taxes	A-14	1,741	2,074
Local District School Taxes	A-15	4,228,172	4,163,145
Tax Overpayments Added Prior Year Adjustment	A-13	30,296	-
Interfunds Advanced - Sewer Fund	D	45,673	-
Refund of Prior Year Revenue	A-4	25,867	92,030
<b>TOTAL EXPENDITURES</b>		<u>8,197,836</u>	<u>7,889,957</u>
Excess (Deficit) Revenue Over Expenditures		257,974	627,142
Statutory Excess to Fund Balance		257,974	627,142
<b>Fund Balance January 1</b>	A	<u>1,076,200</u>	<u>587,058</u>
		1,334,174	1,214,200
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>374,093</u>	<u>138,000</u>
<b>Fund Balance December 31</b>	A	<u>\$ 960,081</u>	<u>\$ 1,076,200</u>

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 1

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
<b>Anticipated Surplus-Cash Surplus</b>	A-1	\$ 374,093	\$ 374,093	
<b>Miscellaneous Revenues</b>				
<b>LOCAL REVENUES:</b>				
Alcoholic Beverages Licenses	A-9	4,000	4,326	\$ 326
Municipal Court Fines and Costs	A-9	10,000	11,504	1,504
Interest and Costs On Taxes	A-5	30,000	38,948	8,948
Interest on Investments and Deposits	A-9	10,000	15,032	5,032
Trailer Park Fees	A-9	20,000	22,025	2,025
Host Community Benefits-Refuse Center	A-9	124,973	125,446	473
<b>TOTAL LOCAL REVENUES</b>		<u>198,973</u>	<u>217,281</u>	<u>18,308</u>
<b>STATE AID REVENUES:</b>				
Energy Receipts Tax	A-9	178,498	178,498	-
<b>TOTAL STATE AID REVENUES</b>		<u>178,498</u>	<u>178,498</u>	<u>-</u>

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



CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
<b>FEDERAL AND STATE GRANT REVENUES:</b>				
Clean Communities Grant	A-17	5,992	5,992	
Alcohol and Education Grant	A-19	73	73	
Recycling Tonnage Grant	A-17	859	859	
Municipal Alliance on Alcoholism and Drug Abuse	A-17	3,735	3,735	
NJDOT Grant - Pequest Road Section 1	A-19	38,709	38,709	
NJDOT Grant - Pequest Road Section 2	A-17	67,500	67,500	
NJDOT Grant - Pequest Road Section 2	A-19	22,500	22,500	
NJDOT Grant - Kaufman Road	A-17	156,000	156,000	
<b>Total Federal and State Grant Revenues</b>		<u>295,368</u>	<u>295,368</u>	
<b>Other Special Items:</b>				
Cell Tower Rent	A-9	100,000	111,568	11,568
Sewer Utility Operating Surplus Anticipated	A-9	319,500	319,500	-
Sale of Municipal Assets	A-20	150,000	150,000	
Solid Waste Collection Fee	A-9	175,000	175,000	-
<b>Total Special Items Of Revenues</b>		<u>744,500</u>	<u>756,068</u>	<u>11,568</u>
<b>TOTAL MISCELLANEOUS REVENUES</b>	A-2	<b>1,417,339</b>	<b>1,447,215</b>	<b>29,876</b>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	A-6:7	165,000	214,380	49,380
<b>Amount To be Raised by Taxes For Support Of Municipal Budget:</b>				
Local Tax For Municipal Purposes	A-2	989,630	1,060,952	71,322
<b>Total General Revenues</b>		<u>2,946,062</u>	<u>3,096,640</u>	<u>150,578</u>
<b>Non-Budget Revenues:</b>				
Other Non-Budget Revenues	A-2		77,124	77,124
		<u>\$ 2,946,062</u>	<u>\$ 3,173,764</u>	<u>\$ 227,702</u>

A-3

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 3

REF.

**ANALYSIS OF REALIZED REVENUES**

**Allocation Of Current Tax Collections:**

Revenue from Collections		\$ 6,191,233
State of New Jersey, Senior Citizens and Veterans Deductions		<u>19,750</u>
	A-1	6,210,983

**Allocated To:**

School and County Taxes	A-14:16	<u>5,512,461</u>
-------------------------	---------	------------------

Deficiency Supported by Municipal Revenues		698,522
--	--	---------

Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>362,430</u>
---	-----	----------------

<b>Amount For Support Of Municipal Budget Appropriations</b>	A-2	<u>\$ 1,060,952</u>
--	-----	---------------------

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 4

**ANALYSIS OF NON-BUDGET REVENUES**

REF.

Miscellaneous Revenue Not Anticipated:

**Treasurer:**

Subdivision Fees		\$	275	
Certified Copies			392	
Marriage Licenses			39	
Street Openings			150	
Zoning Fees			220	
Homeowner Mail			785	
Land Rent			2,700	
Cable TV Fees			7,599	
Inspection Fines			200	
Vacant Property Fees			20,385	
Sale of Municipal Assets			32,295	
Veterans/Senior Admin Fees			395	
Miscellaneous	A-4		39	\$ 65,474

**Collector:**

Miscellaneous			11,650	11,650
				\$ 77,124

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<b>GENERAL GOVERNMENT FUNCTIONS:</b>					
General Administration:					
Salaries and Wages:					
Governing Body	\$ 13,084	\$ 13,084	\$ 12,698	\$ 386	
Municipal Clerk	72,834	72,834	70,920	1,914	
Registrar	4,545	4,545	4,413	132	
Other Expenses:					
Computerization	10,000	11,000	10,043	957	
Miscellaneous Other Expenses	30,000	30,000	18,525	11,475	
Election:					
Other Expenses	2,500	2,500	828	1,672	
Financial Administration (Treasury):					
Salaries and Wages	23,717	23,717	23,365	352	
Other Expenses	6,500	6,500	4,187	2,313	
Audit Services:					
Other Expenses	15,000	15,000	15,000	-	
Revenue Administration (Tax Collection):					
Salaries and Wages	10,935	10,935	10,808	127	
Other Expenses	4,500	4,500	1,424	3,076	
Tax Assessment Administration:					
Salaries and Wages	17,992	17,992	17,713	279	
Other Expenses	2,000	2,005	2,005	-	
Legal Services (Legal Dept.):					
Other Expenses	49,000	49,000	34,505	14,495	
Engineering Services:					
Other Expenses	40,000	40,000	16,559	23,441	

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
<b>LAND USE ADMINISTRATION:</b>				
Planning Board:				
Salaries and Wages	18,544	18,544	14,566	3,978
Other Expenses:				
Legal Services	4,000	4,000	2,160	1,840
Miscellaneous Other Expenses	3,000	3,000	1,507	1,493
Public Defender:				
Salaries and Wages	1,674	1,674	1,400	274
Zoning Costs:				
Salaries and Wages	3,887	3,889	3,889	-
Other Expenses	100	100	100	-
Municipal Court:				
Other Expenses	44,821	44,821	44,820	1
<b>INSURANCE:</b>				
General Liability Insurance	43,000	43,000	38,033	4,967
Workmens' Compensation Insurance	39,500	39,500	39,139	361
Employee Group Insurance	122,000	122,000	111,792	10,208
Unemployment Insurance	-	-	-	-
<b>PUBLIC SAFETY FUNCTIONS:</b>				
Police:				
Salaries and Wages	10,037	10,037	5,130	4,907
Other Expenses:				
Miscellaneous Other Expenses - Washington Twp. Services	618,122	618,110	461,341	156,769
Aid to Volunteer Fire Companies	17,500	17,500	17,500	-
Contribution to First Aid Organizations	17,500	17,500	17,500	
Office of Emergency Management:				
Salaries and Wages	1,896	1,906	1,906	-
Other Expenses	600	600	-	600

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
<b>PUBLIC WORKS FUNCTIONS:</b>				
Streets and Road Maintenance:				
Salaries and Wages	231,448	231,448	212,791	18,657
Other Expenses	40,000	40,000	30,024	9,976
Recycling Program:				
Salaries and Wages	892	892	832	60
Buildings and Grounds:				
Salaries and Wages	4,462	4,462	2,328	2,134
Other Expenses	40,000	38,666	29,525	9,141
Vehicle Maintenance:				
Other Expenses	20,000	20,000	18,749	1,251
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>				
Public Health Services (Board of Health):				
Salaries and Wages	558	558	-	558
Other Expenses	100	100	-	100
Animal Control:				
Salaries and Wages	3,606	3,606	3,606	-
Other Expenses	1,000	1,000	1,000	-
<b>PARK AND RECREATION FUNCTIONS:</b>				
Recreation Services:				
Salaries and Wages	15,453	15,453	-	15,453
Other Expenses:				
Contribution - Oxford Youth Assoc.	2,000	2,000	-	2,000
Contribution - Young at Heart Club	1,000	1,000	1,000	-
Miscellaneous Other Expenses	5,000	5,000	-	5,000

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 4

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<b>OTHER COMMON OPERATING FUNCTIONS(Unclassified):</b>					
Snow removal Trust	10,000	10,000	-	10,000	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>					
Electricity and Street Lighting	40,000	40,000	34,457	5,543	
Telephone (excluding equipment acquisition)	8,000	8,329	8,329	-	
Natural Gas/Propane	6,500	6,500	4,276	2,224	
Gasoline/Diesel	13,000	13,000	11,685	1,315	
Fire Hydrants	23,000	23,000	21,436	1,564	
Landfill/Solid Waste Disposal Costs	15,000	15,000	4,595	10,405	
<b>MUNICIPAL COURT COSTS:</b>					
Public Defender:					
Other Expenses	800	800	200	600	
<b>Total Operations - Within "CAPS "</b>	<b>1,730,607</b>	<b>1,730,607</b>	<b>1,388,609</b>	<b>341,998</b>	
<b>Total Operations - Within "CAPS " including Contingent Detail:</b>	<b>1,730,607</b>	<b>1,730,607</b>	<b>1,388,609</b>	<b>341,998</b>	
Salaries and Wages	435,564	435,576	386,365	49,211	
Other Expenses	1,295,043	1,295,031	1,002,244	292,787	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":</b>					
<b>Statutory Expenditures :</b>					
Social Security System ( O.A.S.I. )	33,000	33,000	31,146	1,854	
Contribution to:					
PERS	35,779	35,779	35,779		
Unemployment Compensation	1,000	1,000	397	603	
<b>Total Deferred Charges and Statutory Expenditures-within "CAPS"</b>	<b>69,779</b>	<b>69,779</b>	<b>67,322</b>	<b>2,457</b>	<b>-</b>

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 5

	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>1,800,386</b>	<b>1,800,386</b>	<b>1,455,931</b>	<b>344,455</b>	-
<b>OPERATIONS-EXCLUDED from "CAPS"</b>					
Aid to Library Aid	3,000	3,000	3,000		
<b>Total Other Operations-Excluded from "CAPS"</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	-	
<b>Public and Private Programs Offset by Revenues-: Excluded from "CAPS"</b>					
Clean Communities Program:					
Other Expenses	5,992	5,992	5,992		
Recycling Tonnage Grant:					
Other Expenses - Prior Yr. Unappropriated	859	859	859		
Warren County Department of Human Services (Municipal Alliance):					
Other Expenses	3,735	3,735	3,735		
Local Share	1,200	1,200	1,200		
Alcohol Education Rehabilitation Fund	73	73	73		
NJDEP/NJEDA - HDSRF Grant - Former Oxwall Tool Co.	0	0	0		
NJ DOT Pequest Road Sec 1 - PY Unapprop.	38,709	38,709	38,709		
NJ DOT Pequest Road Sec 2 - PY Unapprop.	22,500	22,500	22,500		
NJ DOT Pequest Road Sec 2 - CY Receipt	67,500	67,500	67,500		
<b>Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"</b>	<b>140,568</b>	<b>140,568</b>	<b>140,568</b>	-	
<b>Total Operations-Excluded from "CAPS"</b>	<b>143,568</b>	<b>143,568</b>	<b>143,568</b>	-	
<b>Detail:</b>					
Salaries and Wages					
Other Expenses	143,568	143,568	143,568	-	
<b>Capital Improvements-Excluded from "CAPS":</b>					
Capital Improvement Fund	250,000	250,000	250,000		
NJ DOT Grant - Kaufman Drive	156,000	156,000	156,000		
<b>Total Capital Improvements-Excluded from "CAPS"</b>	<b>406,000</b>	<b>406,000</b>	<b>406,000</b>		

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



CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 6

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>		
<b>Municipal Debt Service-Excluded from "CAPS":</b>					
Payment of Bond Principal	145,000	145,000	145,000		
Payment of Bond Anticipation Notes	49,563	49,563	49,562		\$ 1
Interest on Bonds	12,350	12,350	12,336		14
Interest on Notes	7,600	7,600	7,522		78
<b>Total Municipal Debt Service</b>	<u>214,513</u>	<u>214,513</u>	<u>214,420</u>		<u>93</u>
<b>Deferred Charges-Excluded from "CAPS":</b>					
Special Emergency-5 year	19,165	19,165	19,165		
<b>Total Deferred Charges</b>	<u>19,165</u>	<u>19,165</u>	<u>19,165</u>		
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<u>783,246</u>	<u>783,246</u>	<u>783,153</u>	-	<b>93</b>
Subtotal General Appropriations	2,583,632	2,583,632	2,239,084	344,455	93
Reserve For Uncollected Taxes	362,430	362,430	362,430		
<b>TOTALS</b>	<u><b>\$2,946,062</b></u>	<u><b>\$2,946,062</b></u>	<u><b>\$2,601,514</b></u>	<u><b>\$344,455</b></u>	<u><b>\$93</b></u>

Adopted Budget	A-2	\$ 2,946,062	A	A-1
		<u>\$ 2,946,062</u>		

	<u>REF.</u>	
Reserve for State Grants	A-18	\$ 296,568
Capital Improvements	C-3	250,000
Deferred Charges - Special Emergency	A-23	19,165
Reserve for Encumbrances	A-11	1,673,351
Reserve for Uncollected Taxes	A-2	<u>362,430</u>
		<u>\$ 2,601,514</u>

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

TRUST FUND  
COMPARATIVE BALANCE SHEET

B

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>12/31/18</u>
<b>Dog License Fund:</b>			
Cash and Cash Equivalents	B-2	\$ 16,798	\$ 13,241
<b>Total Dog License Fund</b>		<u>16,798</u>	<u>13,241</u>
<b>Other Trust Funds:</b>			
Cash and Cash Equivalents	B-2	130,460	118,702
Amount Due from Current Fund	B-6	<u>149,539</u>	<u>117,866</u>
<b>Total Other Trust Funds</b>		<u>279,999</u>	<u>236,568</u>
<b>TOTAL ASSETS</b>		<u>\$ 296,797</u>	<u>\$ 249,809</u>

**LIABILITIES, RESERVES AND FUND BALANCE**

<b>Dog License Fund:</b>			
Reserve for Dog Fund Expenditures	B-3	\$ 8,378	\$ 4,629
Due State of New Jersey	B-4	3	2
Amount Due Current Fund	B-5	<u>8,417</u>	<u>8,610</u>
<b>Total Dog License Fund</b>		<u>16,798</u>	<u>13,241</u>
<b>Other Trust Fund:</b>			
Reserve for Tax Sale Premiums	B-7	138,600	113,800
Reserve for Developer's Escrow Trust	B-8	38,874	34,637
Reserve for Payroll Trust	B-9	35,836	18,906
Reserve for Outside Liens	B-10	6,873	-
Reserve for COAH Deposits	B-11	9,638	9,638
Reserve for State Unemployment Insurance	B-12	21,817	21,817
Reserve for Lake Trust	B-13	<u>28,361</u>	<u>37,770</u>
<b>Total Other Trust Fund</b>		<u>279,999</u>	<u>236,568</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 296,797</u>	<u>\$ 249,809</u>

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

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	BALANCE <u>12/31/19</u>	BALANCE <u>12/31/18</u>
Cash and Cash Equivalents	C-2	\$ 91	\$ 91
Amount Due Current Fund	C-3	718,517	653,764
Deferred Charges to Future Taxation:			
Funded	C-4	462,000	607,000
Unfunded	C-5	<u>870,313</u>	<u>479,874</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 2,050,921</u></b>	<b><u>\$ 1,740,729</u></b>

**LIABILITIES, RESERVES AND FUND BALANCE**

Capital Improvement Fund	C-6	\$ 205,781	\$ 75,781
Improvement Authorizations:			
Funded	C-7	84,701	151,779
Unfunded	C-7	883,008	443,008
Various Reserves	C-8	133,410	133,410
Bonds Payable	C-9	462,000	607,000
Bond Anticipation Notes	C-10	279,813	329,374
Fund Balance	C-1	<u>2,208</u>	<u>377</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 2,050,921</u></b>	<b><u>\$ 1,740,729</u></b>

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

GENERAL CAPITAL FUND  
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>		
Balance December 31, 2018	C	\$	377
<b>Increased by:</b>			
Bond Anticipation Note Premium Proceeds	C-3	<u>1,831</u>	
Balance December 31, 2019	C	<u>\$</u>	<u>2,208</u>

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

SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET

D

ASSETS	REF.	BALANCE <u>12/31/19</u>	BALANCE <u>12/31/18</u>
<b>Operating Fund:</b>			
Cash and Cash Equivalents	D-4	\$ 1,008,814	\$ 1,057,700
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	D-6	463,196	419,829
Amount Due Current Fund	D-8	<u>-</u>	<u>36,854</u>
<b>Sub-Total - Operating Fund Assets</b>		<b>1,472,010</b>	<b>1,514,383</b>
<b>Deferred Charges:</b>			
Operating Deficit	D-1	<u>15,059</u>	<u>-</u>
<b>Total Operating Fund</b>		<b><u>1,487,069</u></b>	<b><u>1,514,383</u></b>
<b>Capital Fund:</b>			
Fixed Capital	D-10	2,967,183	2,967,183
Fixed Capital-Authorized and Uncompleted	D-11	77,471	77,471
Amount Due from Sewer Operating Fund	D	<u>348,009</u>	<u>348,009</u>
<b>Total Capital Fund</b>		<b><u>3,392,663</u></b>	<b><u>3,392,663</u></b>
<b>TOTAL ASSETS</b>		<b><u>\$ 4,879,732</u></b>	<b><u>\$ 4,907,046</u></b>

**LIABILITIES, RESERVES AND FUND BALANCE**

<b>Operating Fund:</b>			
Liabilities:			
Appropriation Reserves	D-3:7	\$ 3,981	\$ 18,854
Encumbrances	D-3:7	-	-
Due Sewer Capital Fund	D	348,009	348,009
Accrued Interest on Bonds	D	9,029	9,029
Amount Due Current Fund	D-8	45,673	-
Sewer Rent Overpayments	D-9	<u>5,069</u>	<u>6,550</u>
<b>Sub-Total - Operating Fund Cash Liabilities</b>		<b>411,761</b>	<b>382,442</b>
Reserve for Receivables	D	463,196	419,829
Fund Balance	D-1	<u>612,112</u>	<u>712,112</u>
<b>Total Operating Fund</b>		<b><u>1,487,069</u></b>	<b><u>1,514,383</u></b>
<b>Capital Fund:</b>			
Loans Payable	D-11	187,636	253,786
Improvement Authorizations	D-12	44,084	44,084
Capital Improvement Fund	D	145,000	145,000
Reserve for Preliminary Plan Expenses	D	41,613	41,613
Reserve for Amortization	D	2,823,631	2,757,481
Reserve for Deferred Amortization	D	33,387	33,387
Reserve for Capital Improvements	D	<u>117,312</u>	<u>117,312</u>
<b>Total Capital Fund</b>		<b><u>3,392,663</u></b>	<b><u>3,392,663</u></b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 4,879,732</u></b>	<b><u>\$ 4,907,046</u></b>

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

SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN OPERATING FUND BALANCE

D-1

<b>REVENUE AND OTHER INCOME REALIZED</b>	<u>REF.</u>	<u>YEAR</u> <u>12/31/19</u>	<u>YEAR</u> <u>12/31/18</u>
Operating Surplus	D-2	\$ 100,000	
Rents	D-2	1,208,062	\$ 1,239,225
Miscellaneous	D-2	6,588	6,871
Other Credits to Income:			
Appropriations Lapsed	D-7	<u>18,192</u>	<u>128,618</u>
<b>Total Income</b>		<b><u>1,332,842</u></b>	<b><u>1,374,714</u></b>
<b>EXPENDITURES</b>			
Salary and Wages	D-3	-	28,000
Operating Expenses	D-3	947,000	919,000
Statutory Expenditures	D-3	2,650	2,650
Debt Service	D-3	75,776	75,776
Deferred Charges	D-3	-	-
Surplus-General Budget	D-3	319,500	219,500
Refund of Prior Year Revenue	D-4	<u>2,975</u>	<u>-</u>
<b>Total Expenditures</b>		<b><u>1,347,901</u></b>	<b><u>1,244,926</u></b>
Excess in Revenues		(15,059)	129,788
<u>Adjustments to Income Before Fund Balance:</u>			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
Deficit in Operations	D	<u>15,059</u>	<u>-</u>
Statutory Excess to Fund Balance		-	129,788
<b>Balance January 1</b>	D	<u>712,112</u>	<u>582,324</u>
		712,112	712,112
Decreased by:			
Utilized as Anticipated Revenue		<u>100,000</u>	<u>-</u>
<b>Balance December 31</b>	D	<b><u>\$ 612,112</u></b>	<b><u>\$ 712,112</u></b>

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

SEWER UTILITY FUND  
STATEMENT OF REVENUES

D-2

		<u>ANTICIPATED</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Operating Surplus	D-1	\$ 100,000	\$ 100,000	
Rents	D-6	1,239,000	1,208,062	\$ (30,938)
Miscellaneous		6,000	6,588	588
Total Sewer Utility Revenue		<u>\$ 1,345,000</u>	<u>\$ 1,314,650</u>	<u>\$ (30,350)</u>
REF.		D-3	D-1	

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

SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Salary and Wages	\$ 28,000			-
Other Expenses-Sewer Treatment	894,000	\$ 923,615	\$ 923,615	-
Other Expenses	25,000	23,385	22,054	\$ 1,331
Social Security	2,500	2,500	-	2,500
Unemployment Compensation	150	150	-	150
Debt Service:				
Loan Principal	66,150	66,150	66,150	
Interest on Loans	9,700	9,700	9,626	
Surplus to Current Fund Budget	319,500	319,500	319,500	
<b>Total Sewer Utility Appropriations</b>	<u>\$ 1,345,000</u>	<u>\$ 1,345,000</u>	<u>\$ 1,340,945</u>	<u>\$ 3,981</u>

REF.

D-2

D-4

D

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



PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET

E

<b>ASSETS</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>12/31/18</u>
Cash and Cash Equivalents	E-1	\$ 6,190	\$ 6,190
<b>TOTAL ASSETS</b>		<b><u>\$ 6,190</u></b>	<b><u>\$ 6,190</u></b>

**LIABILITIES AND RESERVES**

Reserve for Public Assistance	\$ 6,190	\$ 6,190
<b>TOTAL LIABILITIES AND RESERVES</b>	<b><u>\$ 6,190</u></b>	<b><u>\$ 6,190</u></b>

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

GENERAL FIXED ASSETS  
STATEMENT OF GENERAL FIXED ASSETS  
DECEMBER 31, 2019

F

	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>12/31/18</u>
General Fixed Assets:		
Sites	\$ 3,049,334	\$ 3,049,334
Site Improvements	643,504	643,504
Building and Improvements	1,525,090	1,525,090
Machinery and Equipment	982,994	884,644
Construction in Progress	243,761	243,761
Total General Fixed Assets	<u>\$ 6,444,683</u>	<u>\$ 6,346,333</u>
Investment In General Fixed Assets	<u>\$ 6,444,683</u>	<u>\$ 6,346,333</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Oxford include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

**B. Description of Funds**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes fund types to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the Township of Oxford 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 Oxford accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

**Current Fund**

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

**Trust Funds**

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established. The Animal Control Fund (Dog Fund) records the receipts and expenditures related to dog licensing. The Other Trust Fund includes various revenues and expenditures that can not be reasonably estimated for budgeting purposes. The State of New Jersey allows accounting treatment as a trust fund through an official approval process known as dedication by rider.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Description of Funds (Continued)**

**General Capital Fund**

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

**Sewer Operating and Capital Fund**

Account for the operations and acquisition of capital facilities of the municipality-owned Sewer Utility.

**Public Assistance Fund**

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

**General Fixed Assets Account Group**

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

**C. Basis of Accounting**

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

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

**Revenues**--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from 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 of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Expenditures**--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled 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 indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

**Property Tax Revenue**--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, May 15, August 15 and November 15.

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting Principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Deferred School Taxes**--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

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

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

**Inventories of Supplies**--The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

**General Fixed Assets**--In accordance with Technical Accounting Directive No. 85-2, 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 municipality develops a fixed asset accounting and reporting system.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Budget and Budgetary Procedures**--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund  
Public Assistance Fund  
Trust Fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget.

The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Expenditures**--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

**Deferred Charges to Future Taxation Funded and Unfunded**--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Use of Estimates**--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Departures from Generally Accepted Accounting Principles**--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

**Statutory-Basis Financial Statements**--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**Note 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 2: CASH AND CASH EQUIVALENTS (Continued)**

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2019, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

As of December 31, 2019, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	<u>\$ 4,159,030</u>	<u>\$ 4,159,030</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2019, was \$4,159,030 and the bank balance was \$4,128,104. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$3,878,104 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 3: LONG-TERM DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Paid</b>	<b>Ending Balance</b>
<b>Long Term Debt:</b>				
Bonds Payable	\$ 607,000		\$ 145,000	\$ 462,000
Bond Anticipation Notes	329,374	-	49,561	279,813
Sanitary Sewer System Loan	253,786		66,150	187,636
Compensated absences payable	None			None
<b>Total Long-Term Debt</b>	<b>\$ 1,190,160</b>	<b>-</b>	<b>\$ 260,711</b>	<b>\$ 929,449</b>

**Summary of Municipal Debt**

	YEAR <u>2019</u>	YEAR <u>2018</u>	YEAR <u>2017</u>
<b>Issued</b>			
General:			
Bonds and Notes	\$ 741,813	\$ 936,374	\$ 1,042,937
Sewer Utility:			
Bonds and Notes	187,636	253,786	317,332
Total Deductions			
Net Debt Issued	929,449	1,190,160	1,360,269
<b><u>Authorized But Not Issued</u></b>			
General:			
Bonds and Notes	590,500	150,500	153,300
Sewer Utility:			
Bonds and Notes	NONE	NONE	NONE
Total Authorized But Not Issued	590,500	150,500	153,300
<b>Net Bonds and Notes Issued and Authorized But Not Issued</b>	<b>\$ 1,519,949</b>	<b>\$ 1,340,660</b>	<b>\$ 1,513,569</b>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 3: LONG-TERM DEBT (Continued)**

**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 0.749%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 3,120,000	\$ 3,120,000	
Sewer Debt	187,636	187,636	-
General Debt	1,332,313	-	\$ 1,332,313
	\$ 4,639,949	\$ 3,307,636	\$ 1,332,313

Net Debt \$ 1,332,313 Divided by Equalized Valuation Basis per  
N.J.S.A. 40A:2-2 as amended, \$ 177,828,897 equals 0.749%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 6,224,011
Net Debt	1,332,313
Remaining Borrowing Power	\$ 4,891,698

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

Calendar Year	<u>General Fund</u>		<u>Sewer Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 150,000	\$ 9,436	\$ 68,838	\$ 6,938
2021	155,000	6,436	71,680	4,096
2022	157,000	3,336	47,118	1,158
	\$ 462,000	\$ 19,208	\$ 187,636	\$ 12,192

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 3: LONG-TERM DEBT (Continued)**

**Bonded Debt Issued and Outstanding**

General Obligation Bonds -For the purpose of real property acquisitions and various capital improvements, dated September 13, 2012, issued in the original amount of \$1,297,000. This bond is payable in annual installments ranging from \$95,000 to \$157,000 through September 1, 2022. Interest is calculated at 2.0%-2.125%, and is included with the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2019, was \$462,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

Construction of Sanitary Sewer System Loan - On May 29, 2015, the municipality and Fulton Bank of New Jersey agreed on a restated unsecured loan, originally dated May 15, 1997 in the amount of \$465,399. The loan originally had an interest rate of 6.25%, which was restated to 4.0% with bi-annual principal installments ranging from \$28,425 to \$10,182, which began October 1, 2015 and continue through October 1, 2022. The Principal Balance of the loan as of December 31, 2019 is \$187,636.

**Bond Anticipation Notes**

The Township has outstanding at December 31, 2019, a bond anticipation note in the amount of \$279,813 payable to Roosevelt & Cross. This note matures on June 19, 2020. The interest rate on the note was 3.0% Principal and interest on these notes are paid from the current fund budget of the Township.

	<u>Debt Outstanding</u>
Total Bonded and Loan Debt Issued	<u>\$929,449</u>

As of December 31, 2019, there were \$590,500 in bonds and notes authorized, not issued.

**Note 4: GENERAL FIXED ASSETS - (Unaudited)**

The following is a summary of changes in the general fixed assets:

	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance 12/31/2019</u>
Sites	\$ 3,049,334			\$ 3,049,334
Site Improvements	643,504			643,504
Building and Improvements	1,525,090			1,525,090
Machinery and Equipment	884,644	\$ 98,350		982,994
Construction in Progress	243,761			243,761
	<u>\$ 6,346,333</u>	<u>\$ 98,350</u>	<u>-</u>	<u>\$ 6,444,683</u>

See Independent Auditor's Report on pages 2-4.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 5: FUND BALANCES APPROPRIATED**

Fund Balances at December 31, 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020, were as follows:

	Introduced <u>Budget</u>
Current Fund	\$250,000
Sewer Utility Fund	\$100,000

**Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the following deferred charges are required to be raised in succeeding budgets.

	<u>Balance</u> 12/31/18	<u>Raised in</u> 2019 Budget	<u>Resulting from</u> 2019 Operations	<u>Balance</u> 12/31/19
Current Fund - Special Emergencies	\$ 38,330	\$ 19,165	-	\$ 19,165
Sewer Utility Fund - Operating Deficit	-	-	\$ 15,059	15,059
	<u>\$ 38,330</u>	<u>\$ 19,165</u>	<u>\$ 15,059</u>	<u>\$ 34,224</u>

Special Emergency Deferred Charges will be raised in subsequent budgets over a five year period. The appropriations in the 2020 Budget are not less than that required by statute.

Operating Deficit Deferred Charges will be raised in full in subsequent budgets. The appropriations in the 2020 Budget are not less than that required by statute.

**Note 7: SCHOOL TAXES**

Local District Tax has been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	<b>TOTAL DEFERRED TAX <u>12/31/19</u></b>	<b>LOCAL DISTRICT <u>SCHOOL TAX</u> BALANCE <u>12/31/19</u></b>	<b>BALANCE <u>12/31/18</u></b>
Balance of Tax		\$ 2,114,086	\$ 2,081,573
Deferred		<u>1,894,936</u>	<u>1,894,936</u>
Tax Payable		<u>\$ 219,150</u>	<u>\$ 186,637</u>
Tax Deferred	<u>\$ 1,894,936</u>		

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS**

Description of Plans - All required employees of the municipality are covered by either the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Plan (DCRP) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems 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. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 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 mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school municipality, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions -The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1,2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS - (Continued)**

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The current PERS rate is 6.5% of covered payroll.

Summary of Significant Accounting Policies - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets, or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net pension liability, related outflows and inflows of resources, and pension expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

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

At June 30, 2019, the municipality disclosed a liability of \$708,241 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. *This is a departure from generally accepted accounting principles, as the measurement date is to be no more than twelve months before the municipality's fiscal year end of December 31, 2019.* The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2018 and 2017. At June 30, 2018, the municipality's proportion was 0.0036% which was a decrease of 0.00071% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the municipality's portion of the plan's pension expense was (\$10,271). At June 30, 2018, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,506	\$ 3,652
Changes of assumptions	116,706	226,458
Net difference between projected and actual earnings on pension plan investments	-	6,643
Changes in proportion and differences between municipality contributions and proportionate share of contributions	17,397	171,167
Total	<u>\$ 147,609</u>	<u>\$ 407,920</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the plan as follows:

	<u>Year Ended June 30:</u>
2019	\$12,010
2020	(\$16,628)
2021	(\$119,239)
2022	(\$103,358)
2023	<u>(\$33,097)</u>
Total	<u>(\$260,311)</u>

	<u>6/30/2017</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$6,424,455,842	\$4,684,852,302
Collective deferred inflows of resources	5,700,625,981	7,646,736,226
Collective net pension liability (Non State - Local Group)	\$23,278,401,588	\$19,689,501,539
municipality's proportionate share of net pension liability	\$1,001,451	\$708,241
municipality's proportion %	0.00430206%	0.00359705%

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS (Continued)**

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

Inflation:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS (Continued)**

**Discount rate** - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate** - The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2018, calculated using the discount rate of 5.66%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(4.66%)</u>	<u>(5.66%)</u>	<u>(6.66%)</u>
Municipality's proportionate share of the net pension liability	\$ 890,531	\$708,241	\$ 555,311

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS (Continued)**

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Three-Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Contribution</u>	<u>Percentage</u> <u>of Contribution</u> <u>Paid</u>
2019	\$35,779	100%
2018	\$39,854	100%
2017	\$37,912	100%

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Summary of Significant Accounting Policies** - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net OPEB liability or related deferred outflows or inflows of resources on their balance sheets, or related OPEB expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net OPEB liability, related outflows and inflows of resources, and OPEB expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense as required by GASB No. 75, information about the fiduciary net position of the plan and additions to/deductions from plan fiduciary net position have been determined on the same basis as they are reported by the plan.

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

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

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

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, the total OPEB liabilities for the years ended June 30, 2018 and 2017 were \$6,213,844,492 and \$8,695,413,135, respectively, while for the nonspecial funding situation, the total OPEB liabilities were \$9,452,773,649 and \$11,720,375,604, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the municipality disclosed a liability of \$1,361,429 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. *This is a departure from generally accepted accounting principles, as the measurement date is to be no more than twelve months before the municipality's fiscal year end of December 31, 2019.* The municipality's proportion of the net OPEB liability is based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. At June 30, 2018, the municipality's proportion was 0.00869% which was an increase of 0.00202% from its proportion measured as of June 30, 2017.

For the State fiscal year ended June 30, 2018, the municipality's portion of the plan's OPEB expense was \$61,829. At June 30, 2018, deferred outflows of resources and deferred inflows of resources for OPEB relating to the municipality's proportionate share are from the following sources:

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	-	\$ 276,419
Changes of assumptions	-	345,344
Net difference between projected and actual earnings on OPEB plan investments	\$ 719	-
Changes in proportion and differences between municipality contributions and proportionate share of contributions	401,425	286,167
<b>Total</b>	<u>\$ 402,144</u>	<u>\$ 907,930</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense of the plan as follows:

	<u>Year Ended June 30:</u>
2019	(\$74,268)
2020	(\$74,268)
2021	(\$74,268)
2022	(\$74,330)
2023	(\$74,430)
Thereafter	<u>(\$134,222)</u>
Total	<u>(\$505,786)</u>

	<u>6/30/2017</u>	<u>6/30/2018</u>
Collective deferred outflows of resources - Non Special Funding	\$953,985,371	\$1,943,490,463
Collective deferred inflows of resources - Non Special Funding	2,448,925,323	5,841,224,248
Collective net OPEB liability - Non Special Funding	\$11,720,375,604	\$9,452,773,649
Municipality's proportionate share of net OPEB liability	\$1,362,141	\$1,361,429
Municipality's proportion %	0.006672%	0.008690%

**Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:**

	<u>Non Special</u> <u>Funding</u> <u>Situation</u>
Collective Plan Members June 30, 2018	62,487
Collective Plan Members June 30, 2017	60,231
Municipality's Plan Members June 30, 2018	9
Municipality's Plan Members June 30, 2017	7



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

**Actuarial assumptions** - The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2026	1.65%-8.98% based on age and plan enrolled in
Therafter	2.65%-9.98% based on age and plan enrolled in

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2018 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale.

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

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

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount Rate** - The discount rate for June 30, 2018 and 2017 was 3.87% and 3.28%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued**

**Sensitivity of the Municipality's proportionate share of the net OPEB liability to changes in the discount rate** - The following presents the Municipality's proportionate share of the net OPEB liability measured as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2018			
<u>Current</u>			
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(2.87%)	(3.87%)	(4.87%)
Municipality's proportionate share of the net OPEB liability	\$1,597,316	\$1,361,429	\$ 1,173,009

June 30, 2017			
<u>Current</u>			
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(2.58%)	(3.28%)	(4.58%)
Municipality's proportionate share of the net OPEB liability	\$1,606,686	\$1,362,141	\$ 1,168,099

**Sensitivity of the Municipality's proportionate share of the net OPEB liability to changes in the Health Care trend rate** - The following presents the Municipality's proportionate share of the net OPEB liability measured as of June 30, 2018, calculated using the health care trend rate as disclosed above, as well as what the Municipality's proportionate share of the net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2018			
<u>Current Health</u>			
<u>Care Cost Tend</u>			
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$1,135,650	\$1,361,429	\$ 1,653,620

June 30, 2017			
<u>Current Health</u>			
<u>Care Cost Tend</u>			
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$1,131,979	\$1,362,141	\$ 1,661,839

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 10: ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township has permitted employees to accrue unused vacation and sick pay, at a rate of eight days per calendar year, which may be taken as time off, but must be used during the current year or they are lost. Such compensation would be included in the Township's budget operating expenditures in the year it is used.

**Note 11: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

**LITIGATION**

We are advised by Township Counsel, that the Township is not involved in any suits that would have a material impact on the Financial Statements.

**Note 12: OTHER REQUIRED DISCLOSURES**

Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2019:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 54,090	\$ 1,049,950
Federal/State Grants Fund	181,894	-
Animal Control Fund	-	8,417
Other Trust Funds	149,539	-
General Capital Fund	718,517	-
Sewer Operating Fund	-	393,682
Sewer Capital Fund	348,009	-
	<u>\$ 1,452,049</u>	<u>\$ 1,452,049</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 12: OTHER REQUIRED DISCLOSURES - (CONTINUED)**

The general capital fund and the sewer capital fund do not maintain cash balances and instead utilize the current fund cash account for their respective activities. This township policy creates long term interfund balances that may not be liquidated in the current period due to the nature of capital projects which may span multiple years.

**Note 13: RISK FINANCING**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

**Note 14: TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The municipality has not entered into any tax abatement agreements.

**Note 15: SUBSEQUENT EVENTS**

The Township's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order 103 on March 9, 2020 in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Township's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Township's tax base revenue, absenteeism in the Township's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the Township.

**PART II**  
**SUPPLEMENTARY INFORMATION**  
**CURRENT FUND SCHEDULES**

CURRENT FUND/FEDERAL AND STATE GRANT FUND  
SCHEDULE OF CASH -TREASURER

A-4

	REF.	CURRENT FUND
Balance December 31, 2018	A	\$ 2,949,732
<b>Increased by Receipts:</b>		
Miscellaneous Revenue Not Anticipated	A-2	65,474
Collector	A-5	6,569,211
Revenue Accounts Receivable	A-9	643,399
Senior Citizens/Veterans Deductions	A-16	19,750
Federal/State Grant Funds	A-17:19	11,174
Various Reserves	A-20	208
State Marriage Fees	A-21	325
Interfund Return	C	64,753
Interfund Return	D	(36,854)
		7,337,440
		10,287,172
<b>Decreased by Disbursements:</b>		
Refund Prior Year Revenue	A-1	25,867
2018 Appropriation Reserves	A-10	20,352
Reserve for Encumbrances	A-11	1,676,558
Interfund Advance-Other Trust	B	(24,993)
Refund Overpaid Taxes	A-13	12,104
County Taxes	A-14	1,284,289
Local District School Tax	A-15	4,195,659
Federal/State Grant Funds	A-18	32,780
Reserve for Various	A-20	5,015
State Marriage Fees	A-21	325
Outside Liens	A-22	62,539
		7,290,495
Balance December 31, 2019	A	\$ 2,996,677

CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

**Received:**

Interest and Costs on Taxes	A-2	\$	38,948	
Miscellaneous	A-2		11,650	
Taxes Receivable	A-6		6,376,632	
Tax Title Liens	A-7		0	
2020 Prepaid Taxes	A-12		27,854	
Tax Overpayments	A-13		22,375	
Sewer Rents Due Sewer Fund	D-8		27,034	
Outside Liens	A-22		<u>64,718</u>	\$ <u>6,569,211</u>

**Decreased by Disbursements:**

Payments to Treasurer	A-4			\$ <u>6,569,211</u>
-----------------------	-----	--	--	---------------------

CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

<u>YEAR</u>	<u>BALANCE</u>	<u>ADDED</u>	<u>2019</u>	<u>CASH COLLECTIONS</u>		<u>TRANSFERRED</u>	<u>OVERPAID</u>	<u>CANCELLED</u>	<u>BALANCE</u>
	<u>12/31/18</u>	<u>TAXES</u>	<u>LEVY</u>	<u>2018</u>	<u>2019</u>	<u>TO TAX</u>	<u>APPLIED</u>		<u>12/31/19</u>
						<u>TITLE LIENS</u>			
2017	\$ 141								\$ 141
2018	214,511	\$ 2,852			\$ 210,994		\$ 3,386		2,983
	214,652	2,852	-	-	210,994	-	3,386	-	3,124
2019			\$ 6,508,995	\$ 20,322	6,185,388	\$ 35,711	5,273	\$ 7,406	254,895
<b>TOTALS</b>	<b>\$ 214,652</b>	<b>\$ 2,852</b>	<b>\$ 6,508,995</b>	<b>\$ 20,322</b>	<b>\$ 6,396,382</b>	<b>\$ 35,711</b>	<b>\$ 8,659</b>	<b>\$ 7,406</b>	<b>\$ 258,019</b>

REF.	A		A-12		A-7	A-13	A
------	---	--	------	--	-----	------	---

REF.

State of New Jersey -- Senior Citizens and Veterans Deductions Received by Collector	A-2	\$ 19,750
	A-5	<u>6,376,632</u>
		<u>\$ 6,396,382</u>

**ANALYSIS OF PROPERTY TAX LEVY:**

**Tax Yield:**

General Purpose Tax	\$ 6,500,182
Added Taxes (54:4-63.1 et.seq. )	<u>8,813</u>
	<u>\$ 6,508,995</u>

**Tax Levy:**

Local District School Tax	<u>REF.</u>	
County Taxes:	A-15	\$ 4,228,172
County Tax (Abstract )	A-14	\$ 1,146,363
County Library Tax (Abstract )	A-14	91,265
County Open Space Tax	A-14	44,920
Due County for Added and Omitted Taxes(54.4-63.1,et.seq.)	A-14	<u>1,741</u>
Local Tax for Municipal Purposes	A-2	989,630
Add: Additional Tax Levied		<u>6,904</u>
		<u>\$ 6,508,995</u>



CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>		
Balance December 31, 2018	A	\$	428,163
<b>Increased by:</b>			
Transfers from Taxes Receivable	A-6	\$	35,711
Interest and Costs		<u>5,650</u>	<u>41,361</u>
			469,524
<b>Decreased by:</b>			
Canceled			<u>112</u>
Balance December 31, 2019	A	<u>\$</u>	<u>469,412</u>

CURRENT FUND  
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

A-8

	<u>REF.</u>	
Balance December 31, 2018	A	<u>\$ 2,207,100</u>
Balance December 31, 2019	A	<u>\$ 2,207,100</u>

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/18</u>	<u>ACCRUED</u> <u>IN 2019</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/19</u>
Alcoholic Beverage Licenses			\$ 4,326	\$ 4,326	
Municipal Court:					
Fines and Costs	A-2	\$ 1,241	10,263	11,504	
Trailer Park Fees	A-2		22,025	22,025	
Host Community Benefits-Refuse Center	A-2	55,150	70,296	125,446	
Cell Tower Rent	A-2		111,568	111,568	
Energy Receipts Tax	A-2		178,498	178,498	
Interest on Investments and Deposits	A-2		15,032	15,032	
Solid Waste Collection Fee	A-2		175,000	175,000	
Totals		<u>\$ 56,391</u>	<u>\$ 587,008</u>	<u>\$ 643,399</u>	<u>-</u>
	REF.	A	A-2	A-4	A

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2018

A-10

	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
General Administration:				
Other Expenses	\$ 6,678	\$ 6,678	\$ 493	\$ 6,185
Finance:				
Other Expenses	2,103	2,103	327	1,776
Tax Assessment:				
Other Expenses	1,230	1,230	35	1,195
Legal:				
Other Expenses	10,051	10,051	4,091	5,960
Engineering Services:				
Other Expenses	15,897	15,897	175	15,722
Streets and Road Maintenance:				
Other Expenses	4,136	4,136	2,159	1,977
Buildings and Grounds:				
Other Expenses	11,582	11,582	5,071	6,511
Vehicle Maintenance	2,009	2,009	186	1,823
Animal Control				
Salaries & Wages	1,870	1,870	1,870	-
Other Expenses	2,100	2,100	2,100	-
Recreation:				
Other Expenses	5,000	5,000	400	4,600
Gas (Natural or Propane):	4,319	4,319	2,287	2,032
Landfill/Solid Waste Disposal	923	923	608	315
Gasoline	350	350	350	-
Public Defender:				
Salaries & Wages	457	457	200	257
Other Accounts - No Change	78,489	78,489		78,489
 TOTALS	 <u>\$ 147,194</u>	 <u>\$ 147,194</u>	 <u>\$ 20,352</u>	 <u>\$ 126,842</u>
REF.	A	A	A-4	A-1
Appropriation Reserve	\$ 147,194			
Prior Year Encumbrances	-			
	<u>\$ 147,194</u>			

CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-11

REF.

**Increased by:**

Transfer from Current Year Appropriations	A-3	\$ 1,673,351
		<u>1,673,351</u>

**Decreased by:**

Canceled/(added)	A	\$ (3,207)
Cash Disbursements	A-4	<u>1,676,558</u> <u>\$ 1,673,351</u>

CURRENT FUND  
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-12

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 20,322
<b>Increased by:</b>		
2020 Taxes Collected in Advance	A-5	<u>27,854</u>
		48,176
<b>Decreased by:</b>		
Applied to 2019 Taxes Receivable	A-6	<u>20,322</u>
Balance December 31, 2019	A	<u>\$ 27,854</u>

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

A-13

	<u>REF.</u>		
Balance December 31, 2018	A		\$ 24,244
<b>Increased by:</b>			
Added - Prior Year Adjustment	A-1	\$ 30,296	
2019 Tax Overpayments	A-5	<u>22,375</u>	<u>52,671</u>
			76,915
<b>Decreased by:</b>			
Taxes Applied	A-6	8,659	
Canceled	A-1	4,980	
Refunded	A-4	<u>12,104</u>	<u>25,743</u>
Balance December 31, 2019	A		<u>\$ 51,172</u>

CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE

A-14

REF.

**Increased by:**

2019 Levy:

County Taxes	A-1:6	\$1,146,363	
County Library Taxes	A-1:6	91,265	
County Open Space Tax	A-1:6	44,920	
County Added and Omitted Taxes	A-1:6	<u>1,741</u>	
			<u>\$ 1,284,289</u>
			1,284,289

**Decreased by:**

Payments	A-4		<u>\$ 1,284,289</u>
----------	-----	--	---------------------



CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>		
<b>Balance December 31, 2018:</b>			
School Tax Payable	A	\$ 186,637	
School Tax Deferred		<u>1,894,936</u>	\$ 2,081,573
<b>Increased by:</b>			
Levy - School Year July 1, 2019 to June 30, 2020	A-6		<u>4,228,172</u>
			6,309,745
<b>Decreased by:</b>			
Payments	A-4		<u>4,195,659</u>
<b>Balance December 31, 2019:</b>			
School Tax Payable	A	219,150	
School Tax Deferred		<u>1,894,936</u>	<u>\$ 2,114,086</u>
<b>2019 Liability for Local District School Tax:</b>			
Tax Paid			\$ 4,195,659
Tax Payable 12/31/19			<u>2,114,086</u>
			6,309,745
Less -- Taxes Deferred Current Year			-
Less -- Tax Payable 12/31/18			<u>2,081,573</u>
<b>Amount Charged to 2019 Operations</b>	A-1		<u>\$ 4,228,172</u>

CURRENT FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR  
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-16

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 3,831
<b>Increased by:</b>		
Received in Cash From State	A-4	<u>19,750</u> 23,581
<b>Decreased by:</b>		
Senior Citizens Deductions per Tax Billings	A-6	\$ 14,250
Veterans Deductions per Tax Billings	A-6	5,500
Senior Citizens Deductions Disallowed by Tax Collector		<u>          -</u> <u>19,750</u>
Balance December 31, 2019	A	<u>\$ 3,831</u>

CURRENT FUND  
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-17

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/18</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/19</u>
Clean Communities	-	\$ 5,992	\$ 5,992	-
Municipal Alliance	-	3,735	3,495	\$ 240
Recycling Tonnage Grant	-	859	859	-
NJDOT-Buckley Avenue	\$ 2,887			2,887
NJDOT- Pequest Sec 2	-	67,500		67,500
NJDOT- Kaufman Drive	-	156,000		156,000
Highlands Sec 15 Grant	15,000			15,000
Totals	<u>\$ 17,887</u>	<u>\$ 234,086</u>	<u>\$ 10,346</u>	<u>\$ 241,627</u>
REF.	A	A-2	A-4	A

CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

A-18

	<u>BALANCE</u> <u>12/31/18</u>	TRANSFER FROM 2019 BUDGET <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>12/31/19</u>
Clean Communities	\$ 18,562	\$ 5,992	\$ 2,718	\$ 21,836
Emergency Management Council	2,957			2,957
Beamguides rails and strip	5,085			5,085
Hazards Emergency Operations Planning	2,406			2,406
Municipal Alliance - County	6,831	3,735	3,826	6,740
Municipal Alliance - Local	-	1,200	1,200	-
Stormwater Grant	5,232			5,232
Alcohol Rehab Grant	2,960	73		3,033
Emergency Service Grant	9,668			9,668
Recycling Tonnage Grant	19,408	859	434	19,833
NJDOT-Buckley Avenue	6,522			6,522
Private Donations	5,000			5,000
Wastewater Management Grant	12			12
Highlands-Sec 15	10,479			10,479
NJDEP & NJEDA Hazzardous Site Grant	38,134		24,602	13,532
NJ DOT Grant - Pequest Road Sec 1	25,649	38,709		64,358
NJ DOT Grant - Pequest Road Sec 2	-	90,000		90,000
NJ DOT Grant - Kaufman Drive	-	156,000		156,000
Totals	<u>\$ 158,905</u>	<u>\$ 296,568</u>	<u>\$ 32,780</u>	<u>\$ 422,693</u>
	A	A-3	A-4	A

CURRENT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

A-19

	<u>BALANCE</u> <u>12/31/18</u>	TRANSFER TO 2019 BUDGET <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/19</u>
Alcohol Rehabilitation Grant	\$ 73	\$ 73	\$ 241	\$ 241
Clean Communities	-	-	587	587
NJ DOT Grant - Pequest Road-Sec 1	38,709	38,709	-	-
NJ DOT Grant - Pequest Road-Sec 2	22,500	22,500	-	-
<b>Totals</b>	<b>\$ 61,282</b>	<b>\$ 61,282</b>	<b>\$ 828</b>	<b>\$ 828</b>
	A	A-2:18	A-4	A

CURRENT FUND  
SCHEDULE OF VARIOUS RESERVES

A-20

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 514,131
<b>Increased by:</b>		
POAA & Public Defender Receipts	A-4	<div style="display: flex; justify-content: flex-end; align-items: center;"> <span style="margin-right: 10px;">208</span> <hr style="width: 50px; border: 0.5px solid black;"/> </div>
		514,339
<b>Decreased by:</b>		
Anticipated as Revenue in Budget - Sale of Municipal Assets	A-2	\$ 150,000
Professional Services - Legal	A-4	<div style="display: flex; justify-content: flex-end; align-items: center;"> <span style="margin-right: 10px;">5,015</span> <hr style="width: 50px; border: 0.5px solid black;"/> </div>
		155,015
Balance December 31, 2019	A	<div style="display: flex; justify-content: flex-end; align-items: center;"> <span style="margin-right: 10px;">\$ 359,324</span> <hr style="width: 50px; border: 0.5px solid black;"/> </div>
<b><u>Detail of Balance:</u></b>		
Revaluation		\$ 9,450
Sale of Municipal Assets		349,658
Public Defender		200
POAA		<div style="display: flex; justify-content: flex-end; align-items: center;"> <span style="margin-right: 10px;">16</span> <hr style="width: 50px; border: 0.5px solid black;"/> </div>
		<div style="display: flex; justify-content: flex-end; align-items: center;"> <span style="margin-right: 10px;">\$ 359,324</span> <hr style="width: 50px; border: 0.5px solid black;"/> </div>

CURRENT FUND  
SCHEDULE OF AMOUNT DUE STATE OF NEW JERSEY - MARRIAGE LICENSE FEES

A-21

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 25
<b>Increased by:</b>		
Marriage License Fees	A-4	<u>325</u> 350
<b>Decreased by:</b>		
Payments to State of New Jersey	A-4	<u>325</u>
Balance December 31, 2019	A	<u>\$ 25</u>

CURRENT FUND  
SCHEDULE OF AMOUNT DUE OUTSIDE LIEN HOLDERS

A-22

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 4,694
<b>Increased by:</b>		
Outside Liens Collected	A-5	<u>64,718</u>
		69,412
<b>Decreased by:</b>		
Outside Liens Refunded	A-4	<u>62,539</u>
Balance December 31, 2019	A	<u>\$ 6,873</u>



CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES  
SPECIAL EMERGENCY AUTHORIZATIONS

A-23

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/18</u>	<u>AMOUNT RAISED IN 2019 BUDGET</u>	<u>BALANCE 12/31/19</u>
Special Emergency (40A:4-53)	Tax Reassessment	8/12/15	\$ 95,825	\$ 38,330	\$ 19,165	\$ 19,165
Totals				<b>\$ 38,330</b>	<b>\$ 19,165</b>	<b>\$ 19,165</b>
REF.				A	A-3	A

## **TRUST FUND SCHEDULES**

TRUST FUND  
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>		<u>OTHER</u>
	<u>REF.</u>	<u>LICENSES</u>		
Balance December 31, 2018	B	\$ 13,241	\$	118,702
<b>Increased by Receipts:</b>				
Dog License Fees	B-3	4,505		
State Dog License Fees	B-4	529		
Amount Due Current Fund	B-5:6	-		
Developer's Escrow Deposit Disbursements	B-8			12,143
Payroll Trust	B-9			478,320
COAH Trust	B-11			-
Unemployment Trust	B-12			-
Lake Trust	B-13			49,027
<b>Total Receipts</b>		5,034		539,490
		18,275		658,192
<b>Decreased by Disbursements:</b>				
Administrative Expenses	B-3	949		
State Dog License Fees	B-4	528		
Amount Due Current Fund	B-5:6			
Developer's Escrow Deposit Disbursements	B-8			7,906
Payroll Trust	B-9			461,390
Lake Trust	B-13			58,436
<b>Total Disbursements</b>		1,477		527,732
Balance December 31, 2019	B	\$ 16,798	\$	130,460

TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>		
Balance December 31, 2018	B	\$	4,629
<b>Increased by:</b>			
Salary & Wages Charged to Current Fund Budget	B-5	\$	4,606
Salary & Wages Charged to Current Fund Appropriation Reserve	B-5		3,970
Dog License Fees Collected	B-2		<u>4,505</u>
			<u>13,081</u>
			17,710
<b>Decreased by:</b>			
Salary & Wages Paid by Current Fund	B-5		8,383
Administrative Expenditures Paid	B-2		<u>949</u>
			<u>9,332</u>
Balance December 31, 2019	B	\$	<u><u>8,378</u></u>

**LICENSE FEES COLLECTED**

CY 2018		\$	7,123
CY 2017			<u>6,589</u>
			<u>\$ 13,712</u>

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

B-4

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 2
<b>Increased by:</b>		
Collected in 2019:		
State Board of Health Fees	B-2	<u>529</u> 531
<b>Decreased By:</b>		
Payments	B-2	<u>528</u>
Balance December 31, 2019	B	<u><u>\$ 3</u></u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 8,610
<b>Increased by:</b>		
Salary's & Wages Paid by Current Fund	B-3	8,383
		<u>16,993</u>
<b>Decreased by:</b>		
Salary & Wages Charged to Current Fund Budget	B-3	\$ 4,606
Salary & Wages Charged to Current Fund Appropriation Reserve	B-3	<u>3,970</u>
		<u>8,576</u>
Balance December 31, 2019	B	<u>\$ 8,417</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE OTHER FUNDS  
OTHER TRUST FUND

B-6

	<u>REF.</u>		<u>DUE (TO)/FROM CURRENT FUND</u>
Balance December 31, 2018	B		\$ 117,866
<b>Increased by:</b>			
Tax Lien Redemptions Received in Current Fund	B-10	\$ 69,412	
Tax Sale Premiums Received in Current Fund	B-7	<u>56,700</u>	<u>126,112</u>
			243,978
<b>Decreased by:</b>			
Tax Lien Redemptions Paid from Current Fund	B-10	62,539	
Tax Sale Premiums Paid from Current Fund	B-7	<u>31,900</u>	<u>94,439</u>
Balance December 31, 2019	B		<u>\$ 149,539</u>

**ANALYSIS OF BALANCE**

Due Current Fund - Lake Recreation	\$ 4,066
Due Current Fund - Third Party Tax Liens	6,873
Due Current Fund - Tax Premiums	<u>138,600</u>
<b>Total Interfund Receivable</b>	<b><u>\$ 149,539</u></b>

TRUST FUND  
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-7

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 113,800
<b>Increased by:</b>		
Premium Receipts	B-6	<u>56,700</u>
		170,500
<b>Decreased by:</b>		
Premium Payments	B-6	<u>31,900</u>
Balance December 31, 2019	B	<u>\$ 138,600</u>



TRUST FUND  
SCHEDULE OF RESERVE FOR DEVELOPER'S ESCROW TRUST FUND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 34,637
<b>Increased by:</b>		
Escrow Deposits	B-2	<u>12,143</u>
		46,780
<b>Decreased by:</b>		
Escrows Returned	B-2	<u>7,906</u>
Balance December 31, 2019	B	<u>\$ 38,874</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR PAYROLL TRUST

B-9

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 18,906
<b>Increased by:</b>		
Receipts of Gross Payroll and Employer Taxes	B-2	<u>478,320</u> 497,226
<b>Decreased by:</b>		
Disbursements of Net Payroll and Payroll Taxes	B-2	<u>461,390</u>
Balance December 31, 2019	B	<u>\$ 35,836</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR THIRD PARTY TAX LIEN REDEMPTIONS

B-10

REF.

**Increased by:**

Tax Lien Redemption Receipts	B-6	\$ <u>69,412</u>
		69,412

**Decreased by:**

Tax Lien Redemption Refunds	B-6	<u>62,539</u>
-----------------------------	-----	---------------

Balance December 31, 2019	B	<u>\$ 6,873</u>
---------------------------	---	-----------------

TRUST FUND  
SCHEDULE OF RESERVE FOR COAH TRUST

B-11

	<u>REF.</u>	
Balance December 31, 2018	B	\$ <u>9,638</u>
Balance December 31, 2019	B	\$ <u>9,638</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

B-12

	<u>REF.</u>	
Balance December 31, 2018	B	<u>\$ 21,817</u>
Balance December 31, 2019	B	<u>\$ 21,817</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR LAKE TRUST

B-13

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 37,770
<b>Increased by:</b>		
Recreation Receipts	B-2	<u>49,027</u>
		86,797
<b>Decreased by:</b>		
Transfer to Current Fund to Reimburse Salaries and Other Expense	B-2	<u>58,436</u>
Balance December 31, 2019	B	<u>\$ 28,361</u>

## **GENERAL CAPITAL FUND SCHEDULES**

GENERAL CAPITAL FUND  
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>	
Balance December 31, 2018	C	<u>\$ 91</u>
Balance December 31, 2019	C	<u>\$ 91</u>



GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>	
Balance December 31, 2018	C	\$ (653,764)
<b>Increased by:</b>		
Improvement Authorizations Paid by Current Fund	C-7	<u>187,078</u> (466,686)
<b>Decreased by:</b>		
Bond Anticipation Note Premium	C-1	\$ 1,831
Budget Appropriation - Capital Improvement Fund	C-6	<u>250,000</u> <u>251,831</u>
Balance December 31, 2019	C	<u>\$ (718,517)</u>

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

	<u>REF.</u>	C-4
Balance December 31, 2018	C	\$ 607,000
<b>Decreased by:</b>		
2019 Current Fund Budget Appropriations Bond Principal	C-9	<u>145,000</u>
Balance December 31, 2019	C	<u>\$ 462,000</u>

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

C-5

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE 12/31/18	2019 AUTHORIZATIONS	PAID BY BOND ANTICIPATION NOTE	BALANCE 12/31/19	ANALYSIS OF BALANCE	
						AUTHORIZED NOT ISSUED	BOND ANTICIPATION NOTES
2011-09	Improvements to Furnace Brook Dam, Kaufman Drive, Drainage for Wash. Ave and Kepps Drive, New DPW Truck	\$ 150,500			\$ 150,500	\$ 150,500	-
2013-08; Restated 2014-05	Asbestos Removal and Demolition of Building and Site Restoration at 50 Wall Street	249,374		\$ 41,561	207,813	-	\$ 207,813
2018-06	Ambulance	80,000		8,000	72,000		72,000
2019-04	Tanker Pumper		\$ 240,000		240,000	240,000	
2019-05	Garbage Truck		200,000		200,000	200,000	
		<u>\$ 479,874</u>	<u>\$ 440,000</u>	<u>\$ 49,561</u>	<u>\$ 870,313</u>	<u>\$ 590,500</u>	<u>\$ 279,813</u>
REF.		C	C-7	C-10	C		C-10

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2018	C	\$ 75,781
<b>Increased by:</b>		
Budget Appropriation - Capital Improvement Fund	C-3	<u>250,000</u> 325,781
<b>Decreased by:</b>		
Funded Improvement Authorizations	C-7	<u>120,000</u>
Balance December 31, 2019	C	<u>\$ 205,781</u>

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE NO.</u>	<u>AMOUNT</u>	<u>BALANCE 12/31/18</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>DEFERRED CHARGES</u>	<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/19</u>	
			<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Acquisition of Land & Construction of New Munic. Bldg	1993-10	\$ 1,200,000	\$ 14,733					\$ 14,733	
Acquisition of Real Property - Quenzel Property	2005-08	800,000		\$ 12,866					\$ 12,866
Lake Dock and Playground Repairs	2008-04	17,600		6,901					6,901
Improvements to Furnace Brook Dam, Kaufman Drive, Drainage for Wash. Ave and Kepps Drive, New DPW Truck	2011-09	500,000		340,770					340,770
Asbestos Removal and Demolition of Building and Site Restoration at 50 Wall Street	2013-08; Restated 2014-05	350,000		77,500					77,500
Public Works Vehicle, Paving of Twsp Roads, Shed/Pump, Natural Gas Conversion and Building Improvements	2015-05	160,000	14,466					14,466	
Computer Equip/Set-Up	2017-02	2,000	186					186	
Paving/Lake Improvements	2017-09	41,599	16,494					16,494	
Installation of New Storm Inlet	2018-05	4,000	4,000				\$ 1,960	2,040	
Ambulance	2018-06	189,000	-	4,971				-	4,971
Mower DPW Equipment	2018-12	10,000	900					900	
Paving Scranton Parkway and Lincoln Ave.	2018-13	71,000	71,000				57,768	13,232	
Municipal Building New Roof	2018-14	30,000	30,000				29,000	1,000	
Tanker Pumper	2019-04	340,000			\$ 100,000	\$ 240,000	98,350	1,650	240,000
Garbage Truck	2019-05	220,000			20,000	200,000	-	20,000	200,000
			<b>\$ 151,779</b>	<b>\$ 443,008</b>	<b>\$ 120,000</b>	<b>\$ 440,000</b>	<b>\$ 187,078</b>	<b>\$ 84,701</b>	<b>\$ 883,008</b>
REF.			C	C	C-6	C-5	C-3	C	C

GENERAL CAPITAL FUND  
SCHEDULE OF VARIOUS RESERVES

C-8

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/18</u>	<u>BALANCE</u> <u>12/31/19</u>
Road Reconstruction	\$ 98,018	\$ 98,018
Preliminary Costs	3,016	3,016
Lake Improvements	6,000	6,000
Emergency Equipment	4,400	4,400
Emergency Squad Building	20,000	20,000
Tot Lot Reserve	1,976	1,976
	<b><u>\$ 133,410</u></b>	<b><u>\$ 133,410</u></b>

REF.

C

C

GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

C-9

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING BONDS DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/2018</u>	<u>DECREASED</u>	<u>BALANCE 12/31/2019</u>
General Obligation Bonds	9/13/12	\$ 1,297,000	9/1/20	\$ 150,000	2.000%	\$ 607,000	\$ 145,000	\$ 462,000
			9/1/21	155,000	2.000%			
			9/1/22	157,000	2.125%			
						<b>\$ 607,000</b>	<b>\$ 145,000</b>	<b>\$ 462,000</b>
						C	C-4	C

GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

C-10

<u>Ordinance</u>	<u>PURPOSE</u>	<u>ORIGINAL ISSUE</u>	<u>ORIGINAL DATE OF ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/2018</u>	<u>DECREASED</u>	<u>BALANCE 12/31/2019</u>
2013-08; Restated 2014-05	Asbestos Removal and Demolition of Building and Site Restoration at 50 Wall Street	\$ 332,500	7-1-14	6-21-19	6-19-20	3.00%	\$ 249,374	\$ 41,561	\$ 207,813
2018-06	Ambulance	80,000	6-25-18	6-21-19	6-19-20	3.00%	80,000	8,000	72,000
							<b>\$ 329,374</b>	<b>\$ 49,561</b>	<b>\$ 279,813</b>
	REF.						C	C-5	C



**SEWER UTILITY FUND**

SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

D-4

	<u>REF.</u>	<u>OPERATING</u>
Balance December 31, 2018	D	\$ 1,057,700
<b>Increased by Receipts:</b>		
Collector	D-5	\$ 1,114,108
Garbage Fees Collected by Sewer Fund Due to Current Fund	D-8	175,000
Miscellaneous Revenues	D-2	<u>6,588</u>
		<u>1,295,696</u>
		2,353,396
<b>Decreased by Disbursements:</b>		
Refund Prior Year Revenue	D-1	2,975
2019 Appropriations	D-3	1,340,945
2018 Appropriation Reserve	D-7	662
Garbage Fees Paid to Current Fund	D-8	<u>-</u>
		<u>1,344,582</u>
Balance December 31, 2019	D	<u>\$ 1,008,814</u>

SEWER UTILITY FUND  
SCHEDULE OF CASH - COLLECTOR

D-5

	<u>REF.</u>		
<b>Increased by Receipts:</b>			
Rent Overpaid	D-9	\$ 5,069	
Consumer Accounts Receivable	D-6	<u>1,109,039</u>	<u>\$ 1,114,108</u>
<b>Decreased by Disbursements:</b>			
Payment to Treasurer	D-4		<u>\$ 1,114,108</u>

SEWER UTILITY FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-6

	<u>REF.</u>	
Balance December 31, 2018	D	\$ 419,829
<b>Increased by:</b>		
Sewer Rents Levied		<u>1,251,429</u>
		1,671,258
<b>Decreased by:</b>		
Sewer Receipts Collected in Current Fund	D-8	\$ 92,473
Overpaid Applied	D-9	6,550
Collection	D-5	<u>1,109,039</u>
		<u>1,208,062</u>
Balance December 31, 2019	D	<u>\$ 463,196</u>

SEWER UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2018

D-7

	<u>BALANCE</u> <u>12/31/18</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salaries & Wages	\$ 7,017	\$ 7,017	-	\$ 7,017
Other Expenses-Sewer Treatment	7,769	7,769	-	7,769
Other Expenses	4,068	4,068	\$ 662	3,406
<b>TOTALS</b>	<b><u>\$ 18,854</u></b>	<b><u>\$ 18,854</u></b>	<b><u>\$ 662</u></b>	<b><u>\$ 18,192</u></b>

REF.

D

D-4

D-1

Appropriation Reserve	\$ 18,854
Encumbrances	<u>-</u>
	<b><u>\$ 18,854</u></b>

SEWER UTILITY FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND

D-8

	<u>REF.</u>	
Balance December 31, 2018	D	\$ 36,854
<b>Increased by:</b>		
Sewer Receipts Collected in Current Fund	D-6	<u>92,473</u> 129,327
<b>Decreased by:</b>		
Garbage Fees Collected by Sewer Fund Due to Current Fund	D-4	<u>175,000</u>
Balance December 31, 2019	D	<u>\$ (45,673)</u>

CURRENT FUND  
SCHEDULE OF SEWER RENT OVERPAYMENTS

D-9

	<u>REF.</u>	
Balance December 31, 2018	D	\$ 6,550
<b>Increased by:</b>		
2019 Rent Overpayments	D-5	<u>5,069</u>
		11,619
<b>Decreased by:</b>		
Applied to Current Year	D-6	<u>6,550</u>
Balance December 31, 2019	D	<u>\$ 5,069</u>





SEWER UTILITY CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE

D-11

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING BONDS DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/18</u>	<u>DECREASED</u>	<u>BALANCE 12/31/19</u>
Construction of Sanitary Sewer System (Restated 5/29/2015)	5/16/1997	\$ 1,002,000	4/01/20 - 4/01/22	\$ 37,888 *	4.000%	\$ 253,786	\$ 66,150	\$ 187,636
						<b>\$ 253,786</b>	<b>\$ 66,150</b>	<b>\$ 187,636</b>
						D	D-3	C

\* - Semi-annual amount including principal and interest payable on April 1 and October 1.

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-12

ORDINANCE <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE FUNDED 12/31/18</u>	<u>BALANCE FUNDED 12/31/19</u>
78-7	Construction of Sanitary Sewer Collection System	\$ 2,988,000	\$ 44,084	\$ 44,084
			<b>\$ 44,084</b>	<b>\$ 44,084</b>
	REF.		D	D

**PUBLIC ASSISTANCE FUND SCHEDULES**

PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

E-1

	<u>REF.</u>	P.A.T.F. <u>#2</u>	<u>FUND TOTAL</u>
Balance December 31, 2018	E	\$ 6,190	\$ 6,190
Balance December 31, 2019	E	<u>\$ 6,190</u>	<u>\$ 6,190</u>

**SCHEDULE OF GENERAL FIXED ASSETS**

GENERAL FIXED ASSETS  
SCHEDULE OF ADDITIONS AND DELETIONS  
DECEMBER 31, 2019

F-1

	BALANCE		BALANCE
	<u>12/31/18</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>
			<u>12/31/19</u>
General Fixed Assets:			
Sites	\$ 3,049,334		\$ 3,049,334
Site Improvements	643,504		643,504
Building and Improvements	1,525,090		1,525,090
Machinery and Equipment	884,644	\$ 98,350	982,994
Construction in Progress	243,761		243,761
Total General Fixed Assets	<b><u>\$ 6,346,333</u></b>	<b><u>98,350</u></b>	<b><u>- \$ 6,444,683</u></b>
 Investment In General Fixed Assets	 <b><u>\$ 6,346,333</u></b>	 <b><u>98,350</u></b>	 <b><u>- \$ 6,444,683</u></b>

**PART III  
SUPPLEMENTARY INFORMATION**

**General Comments**

**Report on Internal Control over Financial Reporting and  
Compliance and Other Matters based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Schedule of Federal/State Awards**

**Status of Prior Audit Findings**

**Schedule of Findings and Responses**





## **GENERAL COMMENTS**

### **Scope of Audit**

The audit of the financial statements of the Township of Oxford, County of Warren, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and various outside departments.

### **Contracts and Agreements Requiring Advertisement for Bids**

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement 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 to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$40,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

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

The Minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.40A:11-5.

The system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not determine whether any clear-cut violations existed.

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

### **Collection of Interest on Delinquent Taxes and Assessments**

The statute provides the method of 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:

"On all delinquents to and including December 31, 2019, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2018, at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

The governing body, on January 2, 2019 adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

**Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2019, include real property taxes from the 2019, 2018, and 2017 tax levies.

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

Inspection of tax sale certificates on file revealed that all tax sale certificates from tax sales were available for audit.

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	63
2018	61
2017	73

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

**Verification of Delinquent Taxes and Other Charges**

Verification notices were mailed to confirm balances as of November 15, 2019. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax				
Date of Circulars - November 15, 2019-Real Estate				
Date of Circulars - November 15, 2019-Sewer Utility				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2019 Property Tax	Positive	1,141	60	16
2020 Property Tax	Positive	1,141	60	16
2019 Delinquent Tax	Negative	127	25	11
2019 Sewer Charges	Positive	117	25	6

**N.J.A.C. 5:30-5 (Technical Accounting Directives)**

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Oxford to these new directives are as follows:

<u>Requirement</u>	<u>FY 2019 Required Implementation</u>	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System		X

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-**  
**CURRENT FUND**

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2019</u>	<u>%</u>	<u>YEAR 2018</u>	<u>%</u>
Fund Balance Utilized	\$ 374,093	4.42%	\$ 138,000	1.62%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,656,354	19.59%	1,833,321	21.53%
Collection of Delinquent Taxes and				
Tax Title Liens	214,380	2.54%	497,479	5.84%
Collection of Current Tax Levy	<u>6,210,983</u>	<u>73.45%</u>	<u>6,048,299</u>	<u>71.01%</u>
<b>Total Income</b>	<u>8,455,810</u>	<u>100.00%</u>	<u>8,517,099</u>	<u>100.00%</u>

**EXPENDITURES**

Budget Expenditures:				
Municipal Purposes	2,583,539	31.51%	2,344,073	29.71%
County Taxes	1,284,289	15.67%	1,290,709	16.36%
Local and Regional Taxes	4,228,172	51.58%	4,163,145	52.77%
Other Expenditures	<u>101,836</u>	<u>1.24%</u>	<u>92,030</u>	<u>1.17%</u>
<b>Total Expenditures</b>	<u>\$8,197,836</u>	<u>100.00%</u>	<u>\$7,889,957</u>	<u>100.00%</u>
Excess (Deficit) Revenue Over Expenditures	257,974		627,142	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>-</u>	
Statutory Excess to Fund Balance	257,974		627,142	
Fund Balance January 1	1,076,200		587,058	
Less:				
Utilization as Anticipated Revenue	<u>374,093</u>		<u>138,000</u>	
Fund Balance December 31	<u>\$ 960,081</u>		<u>\$ 1,076,200</u>	

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

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2019</u>	<u>%</u>	<u>YEAR 2018</u>	<u>%</u>
Operating Surplus	100,000	7.50%	\$ -	0.00%
Rents	\$ 1,208,062	90.64%	1,239,225	90.14%
Miscellaneous	6,588	0.49%	6,871	0.50%
Other Credits to Income	<u>18,192</u>	<u>1.36%</u>	<u>128,618</u>	<u>9.36%</u>
<b>Total Income</b>	1,332,842	100.00%	1,374,714	100.00%

**EXPENDITURES**

Budget Expenditures:				
Operating	<u>1,347,901</u>	100.00%	<u>1,244,926</u>	100.00%
<b>Total Expenditures</b>	1,347,901	100.00%	1,244,926	100.00%

Excess (Deficit) Revenue Over Expenditures	(15,059)		129,788	
--	----------	--	---------	--

Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>15,059</u>		<u>-</u>	

Statutory Excess to Fund Balance	-		129,788	
----------------------------------	---	--	---------	--

Fund Balance January 1	712,112		582,324	
------------------------	---------	--	---------	--

Less:

Utilization as Anticipated Revenue	<u>100,000</u>		<u>-</u>	
------------------------------------	----------------	--	----------	--

Fund Balance December 31	<u>\$ 612,112</u>		<u>\$ 712,112</u>	
--------------------------	-------------------	--	-------------------	--

**Comparative Schedule of Tax Rate Information**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$4.101</u>	<u>\$4.016</u>	<u>\$3.927</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.624	\$0.578	\$0.564
County	\$0.810	\$0.814	\$0.806
Local School	\$2.667	\$2.624	\$2.557

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2019	\$158,509,400
2018	\$158,614,300
2017	\$159,171,600

**Comparison of Tax Levies and Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$6,508,995	\$6,210,983	95.42%
2018	\$6,380,088	\$6,048,299	94.79%
2017	\$6,251,677	\$5,939,443	95.00%

**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 last three years.

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$469,412	\$258,019	\$727,431	11.18%
2018	\$428,163	\$214,652	\$642,815	10.08%
2017	\$851,820	\$173,996	\$1,025,816	16.41%

**Property Acquired by Tax Title Lien Liquidation**

\$2,207,100 in properties have been acquired by foreclosure or deed as a result of liquidation of tax title liens.

**Comparative Schedule of Fund Balances**

<b><u>Current Fund</u></b>		<u>Utilized</u>
<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>In Budget of Succeeding Year</u> <u>Regular</u>
2019	\$ 960,081	\$ 250,000
2018	1,076,200	374,093
2017	587,058	138,000
2016	466,430	138,000
2015	195,663	99,838
2014	206,889	206,888
2013	274,228	233,000
2012	353,887	237,193

**Sewer Utility Fund**

2019	\$ 612,112	\$ 100,000
2018	712,112	100,000
2017	582,324	None
2016	468,475	None
2015	300,047	None
2014	175,259	24,000
2013	93,315	None
2012	68,250	22,385

**Officials in Office and Surety Bonds**

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

<u>Name</u>	<u>Title</u>	<u>Amount of</u> <u>Bond</u>	<u>Name</u> <u>Of Corporate Surety</u>
Robert Nyland	Mayor		
Bill Ryan	Committeeperson		
Gerald Norton	Committeeperson		
Sheila L. Oberly	Clerk		



<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Lisa Gerickont-Truppa	Collector; Tax Search Officer	\$1,000,000	Public Alliance Joint Insurance Fund
Dawn Stanchina	Certified Municipal Finance Officer	\$1,000,000	Public Alliance Joint Insurance Fund
Richard Motyka	Assessor		
Michael Lavery	Attorney		

The minimum bond coverage required for the Tax Collector is based on their respective prior years' tax levy and would be as follows:

<u>Collector</u>	
<u>Year</u>	<u>Amount</u>
2019	\$95,424

There are public employees' blanket bonds providing coverage to municipal officials and employees not specifically bonded. The municipal officials and employees are covered by a "faithful performance blanket position bond" in the amount of \$50,000 provided by the Public Alliance Insurance Coverage Joint Insurance Fund, West Windsor, NJ.

All the bonds were examined and were properly executed.





# **ARDITO & COMPANY LLC**

---

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com

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

Independent Auditor's Report

The Honorable Mayor and  
Members of the Township Committee  
Township of Oxford  
County of Warren, New Jersey  
11 Green Street  
Oxford, New Jersey 07863

We have audited, in accordance with 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 audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Township of Oxford in the County of Warren, State of New Jersey, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township of Oxford's basic financial statements, and have issued our report thereon dated April 30, 2020, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

-Continued-

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 of 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 Township'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.

ARDITO & COMPANY LLC



Frenchtown, New Jersey  
April 30, 2020



Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & COMPANY LLC  
Frenchtown, New Jersey  
April 30, 2020

## **SCHEDULE OF FEDERAL/STATE AWARDS**

**SCHEDULE OF STATE AWARDS**  
FOR THE YEAR ENDED DECEMBER 31, 2019

STATE GRANTOR/ PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/19	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/19
<b><u>DEPT. OF COMMUNITY AFFAIRS</u></b>									
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	\$ 3,735	2019	A		\$ 3,495			\$ 3,495
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A		Prior Years	A	\$ 6,831		\$ 3,826		3,005
<b><u>DEPT. OF ENVIR. PROTECTION</u></b>									
Solid Waste Admin.-Clean Communities Program	4900-765-178900	6,579	2019	A		6,579			6,579
			Prior Years	A	18,562		2,718		15,844
Hazzardous Site Grant		86,060	2016	A	-				-
Hazzardous Site Grant		113,116	2018	A	38,134		24,602		13,532
<b><u>DEPT. OF HUMAN SERVICES</u></b>									
Payments to Municipalities for Cost of General Assistance (State Share)	75050-150-158010-60	N/A	N/A	E	6,183				6,183
<b><u>DEPT. OF TRANSPORTATION</u></b>									
NJ Transportation Fund Authority Act	Kaufman Drive	156,000	2019	A					-
NJ Transportation Fund Authority Act	Pequest Road Sec 1	148,791	2016	A	64,358				64,358
NJ Transportation Fund Authority Act	Pequest Road Sec 2	90,000	2018	A	22,500				22,500
NJ Transportation Fund Authority Act	Buckley Avenue	65,000	2015	A	3,635				3,635
<b><u>OTHER AIDS</u></b>									
Emergency Management Council	N/A	5,000	2000	A	2,957				2,957
Beam Guides Rails and Stip	N/A			A	5,085				5,085
Hazards Emergency Operations Planning	N/A	2,406	2004	A	2,406				2,406
Stormwater Grant	N/A			A	5,232				5,232
Alcohol Rehabilitation Grant	N/A	162	2012	A	2,341				2,341
Alcohol Rehabilitation Grant	N/A	363	2016	A	363				363
Alcohol Rehabilitation Grant	N/A	258	2017	A	258				258
Alcohol Rehabilitation Grant	N/A	72	2018	A	72				72
Alcohol Rehabilitation Grant	N/A	241	2019	A		241			241
Emergency Services Grant	N/A			A	9,668				9,668
Recycling Tonnage Grant	N/A	3,129	2014	A	14,384		434		13,950
Recycling Tonnage Grant	N/A	3,113	2016	A	3,129				3,129
Recycling Tonnage Grant	N/A	1,895	2017	A	1,895				1,895
Recycling Tonnage Grant	N/A	859	2019	A		859			859
Waste Water Management Grant	N/A			A	12				12
Highlands Incentive Planning Grant	N/A	14,049	2011	A	-				-
Highlands Sec 15 Grant	N/A	15,000	2015	A	(4,521)				(4,521)
TOTAL STATE ASSISTANCE					<b>\$ 203,484</b>	<b>\$ 11,174</b>	<b>\$ -</b>	<b>\$ 31,580</b>	<b>\$ 183,078</b>

**Note: This Schedule was not subject to an audit in accordance with NJOMB Circular 15-08.**

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF OXFORD

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2019

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Township of Oxford. The Township of Oxford is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Uniform Guidance, Audits of States, Local Governments and Nonprofit Organizations. However, the Township was not subject to the single audit provisions of Federal OMB Uniform Guidance or New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2019 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

**NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS**

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

## **STATUS OF PRIOR AUDIT FINDINGS**



**STATUS OF PRIOR AUDIT FINDINGS**

CY

**Occurrence**

2018-1 (\*) I recommend that all statutory means should be utilized, including foreclosure, to liquidate tax title liens in order to get such properties back on a taxpaying basis.

**STATUS - Finding Repeated in 2019**

2018-2 (\*) I recommend that all interfund loans be transferred back to their respective funds before the end of the calendar year.

**STATUS - Finding Repeated in 2019**

2018-3 (\*) We recommend that the township investigate the disposition of aged grant receivables and reserves.

**STATUS - Finding Repeated in 2019**

(\*) - Finding Repeated in Current Year

**SCHEDULE OF FINDINGS AND RESPONSES**  
**GENERAL FINDINGS**

**SCHEDULE OF FINDINGS AND RESPONSES**

**GENERAL FINDINGS**

YEAR ENDED DECEMBER 31, 2019

Summary of Auditor's Results

A modified report was issued on the Township's financial statements prepared on an other comprehensive basis of accounting as a result of the general fixed assets account group not being included in the scope of the audit.

The audit did not disclose any material weaknesses in the internal controls of the Township.

The audit did not disclose any noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Uniform Guidance and New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2019 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

**Finding 2019-001 (\*)**

**Criteria or Specific Requirement:**

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

**Condition:**

As of December 31, 2019, there were sixty-three (63) outstanding tax title liens in the amount of \$469,412. Property tax levies on these properties are added to liens in excess of \$35,711 annually, of which the township has to bear the full cost of the related local school and county tax levies.

**Context:**

Uncollected municipal levies of \$35,711 annually represent 3.61% of a total municipal tax levy of \$989,630.

**Effect:**

Property tax levies on these properties are added to liens in excess of \$35,000 annually, of which the township has to bear the full cost of the related local school and county tax levies.

**Cause:**

Liens that were unable to be sold at the annual tax sale to third parties to raise the necessary funds to satisfy the tax payer tax liability. The municipality holds the lien and continues to levy taxes on the assessed valuation of the property.

**Recommendation:**

We recommend that that the township continue its efforts to liquidate tax title liens in order to get such properties back on a taxpaying basis and transfer foreclosed properties from lien status to foreclosed status.

**Views of management and planned corrective actions:**

The municipality plans to foreclose on properties as necessary to achieve a cost benefit.

**Finding 2019-002 (\*)**

**Criteria or Specific Requirement:**

Interfund loans should be liquidated by year-end.

**Condition:**

Various interfund balances in excess of \$1,452,049 existed as of December 31, 2019. The largest interfund balance is the amount the current fund owes to the general capital fund (\$718,517) which continues to accrue since the general capital fund does not utilize an active cash bank account.

**Context:**

The interfund balance of \$1,452,049 represents 22.6% of all current fund liabilities.

**Effect:**

Individual fund cash flow is restrained due to borrowings from other funds.

**Cause:**

Lack of reconciliation of interfund balances between funds.

**Recommendation:**

We recommend that all interfund loans be transferred back to their respective funds before the end of the calendar year.

**Views of management and planned corrective actions:**

The municipality plan to reconcile the interfund balances and transfer cash accordingly to clear any interfund balances.

**Finding 2019-003 (\*)**

**Criteria or Specific Requirement:**

Grant receivables should be collected in a timely manner, and grant spending reserves should be disbursed for the intended purpose in a timely manner.

**Condition:**

Various aged grant receivables and spending reserve balances exist as of December 31, 2019.

**Context:**

Grant receivables of \$241,627 represent 3.76% of all current fund assets, and grant reserve balances of \$422,693 represent 6.6% of all current fund liabilities.

**Effect:**

Submission to the grant agencies for collection of grant awards must be completed in a timely manner in order for grant funds to be available for spending purposes. If grant funds are spent before collection of the grant receipt, the town will incur a detrimental charge to fund balance as per N.J. statutes.

**Cause:**

Lack of reconciliation procedures to ensure collection of grant awards.

**Recommendation:**

We recommend that the township investigate the disposition of aged grant receivables and reserves.

**Views of management and planned corrective actions:**

The Township plans to investigate the disposition of aged grant receivables and reserves.

**Finding 2019-004**

**Criteria or Specific Requirement:**

Books of record of monies collected between departments are required to be reconciled to the underlying bank deposit detail.

**Condition:**

There were various differences between the Collector's tax system cash book and the bank deposits in the cumulative amount of \$65,439. There were numerous instances where property tax deposits were deposited into the sewer cash account and sewer deposits were deposited into the current fund tax collections cash account.

**Context:**

Differences of \$65,439 represent 1.005% of a total tax levy of \$6,508,995.

**Effect:**

The financial statement revenue amount of "Local Tax for Municipal Purposes" agreed to the bank deposit records, however the amount differed from the tax collector's books and records by \$65,439.00

**Cause:**

Lack of controls over reconciliation processes between the collector's records and the Chief Municipal Financial Officer's (CMFO) bank deposits.

**Recommendation:**

We recommend that the Collector's cash book deposits be reconciled to the bank statements on a monthly basis.

**Views of management and planned corrective actions:**

The municipality plans to reconcile the collector's receipts to the bank deposits on a monthly basis.

(\*) Prior Year Finding