

**TOWNSHIP OF SOUTH HARRISON
COUNTY OF GLOUCESTER
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2019**



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TOWNSHIP OF SOUTH HARRISON
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township South Harrison
Harrisonville, New Jersey 08039

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of South Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of South Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of South Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2019, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Other Information

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

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2020 on our consideration of the Township of South Harrison, in the County of Gloucester, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of South Harrison's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of South Harrison's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
August 5, 2020

**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 South Harrison
Harrisonville, New Jersey 08039

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of South Harrison, in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 5, 2020. That report indicated that the Township of South Harrison's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
August 5, 2020

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2019 and 2018

Assets:	Ref.	2019	2018
Regular Fund:			
Cash:			
Chief Financial Officer	SA-1	\$ 3,039,975.35	\$ 3,086,176.16
Change Fund	A	50.00	50.00
		<u>3,040,025.35</u>	<u>3,086,226.16</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-2	244,010.33	201,561.75
Tax Title Liens Receivable	SA-3	83,983.03	67,580.03
Revenue Accounts Receivable	SA-5	-	1,759.74
Due from Federal and State Grant Fund	SA-13	-	57,021.49
Due from Animal Control Fund	SB-3	2.19	836.40
Due from Trust Other Fund	SB-6	308.28	23,121.43
		<u>328,303.83</u>	<u>351,880.84</u>
Deferred Charges:			
Emergency Appropriation	A-3	88,000.00	-
		<u>3,456,329.18</u>	<u>3,438,107.00</u>
Federal and State Grant Fund:			
Due Current Fund	SA-13	73,809.21	-
Grants Receivable	SA-14	16,715.86	104,245.86
Due from General Capital	C	43,168.25	43,168.25
		<u>133,693.32</u>	<u>147,414.11</u>
		<u>\$ 3,590,022.50</u>	<u>\$ 3,585,521.11</u>

(Continued)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2019 and 2018

	Ref.	2019	2018
Liabilities, Reserves and Fund Balance:			
Regular Fund:			
Appropriation Reserves	A-3;SA-6	\$ 221,241.27	\$ 204,381.16
Encumbrances Payable	A-3;SA-6	562.50	6,596.13
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	SA-4	2,269.35	2,769.35
Prepaid Taxes	SA-7	139,112.65	136,732.91
Tax Overpayments	SA-8	37,518.81	27,546.21
Due County for Added and Omitted Taxes	SA-10	14,368.18	20,333.93
Local School District Taxes Payable	SA-11	1,173,793.35	1,133,016.45
Regional School District Taxes Payable	SA-12	4.43	4.97
Due to General Capital Fund	SC-4	163,863.84	258,155.06
Due to Federal and State Grant Fund	SA-13	73,809.21	-
Reserve for Tax Maps	A	2,751.79	2,751.79
Reserve for Road Repairs	A	3,634.54	3,634.54
		<u>1,832,929.92</u>	<u>1,795,922.50</u>
Reserves for Receivables	A	328,303.83	351,880.84
Fund Balance	A-1	<u>1,295,095.43</u>	<u>1,290,303.66</u>
		<u>3,456,329.18</u>	<u>3,438,107.00</u>
Federal and State Grant Fund:			
Due to Current Fund	SA-13	-	57,021.49
Unappropriated Reserves	SA-15	19,201.06	373.23
Encumbrances Payable	SA-16	250.00	250.00
Appropriated Reserves	SA-16	<u>114,242.26</u>	<u>89,769.39</u>
		<u>133,693.32</u>	<u>147,414.11</u>
		<u>\$ 3,590,022.50</u>	<u>\$ 3,585,521.11</u>

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

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND

Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 413,000.00	\$ 325,000.00
Miscellaneous Revenues Anticipated	896,814.47	927,837.54
Receipts from Delinquent Taxes	204,307.78	183,751.00
Receipts from Current Taxes	11,171,941.62	10,990,643.00
Nonbudget Revenues	57,380.45	45,433.44
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	164,535.13	190,160.55
Interfund Returned	80,668.85	2,518.45
	<u>12,988,648.30</u>	<u>12,665,343.98</u>
Expenditures:		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	667,100.00	738,025.00
Other Expenses	1,118,940.00	983,080.02
Deferred Charges and Statutory Expenditures	184,103.00	161,979.98
Appropriations Excluded from "CAPS":		
Operations:		
Salaries and Wages	35,323.23	25,343.32
Other Expenses	43,800.42	23,640.19
Capital Improvements	168,000.00	85,000.00
County Taxes	3,008,760.71	2,924,307.77
Due County for Added and Omitted Taxes	14,368.18	20,333.93
Local School District Tax	4,195,704.00	3,982,862.00
Regional High School District Tax	3,219,873.00	3,312,508.00
Interfund Created	-	30.18
Other Trust Fund Cancellations	2,883.99	-
	<u>12,658,856.53</u>	<u>12,257,110.39</u>
Excess in Revenues	329,791.77	408,233.59
Adjustments to Income Before Fund Balance -		
Expenditures Included Above Which Are by Statute Deferred		
Charges to Budget of Succeeding Year		
	<u>88,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance	417,791.77	408,233.59
Fund Balance January 1	<u>1,290,303.66</u>	<u>1,207,070.07</u>
Total	1,708,095.43	1,615,303.66
Decreased by:		
Utilization as Anticipated Revenue	<u>413,000.00</u>	<u>325,000.00</u>
Fund Balance December 31	<u>\$ 1,295,095.43</u>	<u>\$ 1,290,303.66</u>

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

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2019

	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 413,000.00	\$ 413,000.00	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	15,000.00	14,967.22	\$ (32.78)
Fines and Costs:			
Municipal Court	31,000.00	17,776.77	(13,223.23)
Interest and Costs on Taxes	30,000.00	42,506.16	12,506.16
Consolidated Municipal Property Tax Relief Aid	8,206.00	8,206.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	121,752.00	121,752.00	
Public and Private Revenues Offset With Appropriations:			
Alcohol Education and Rehabilitation Fund	73.23	73.23	
Body Armor Fund	954.99	954.99	
Municipal Alliance on Alcoholism and Drug Abuse	9,084.00	9,084.00	
Recycling Tonnage Grant	1,490.43	1,490.43	
Safe and Secure Communities Program	24,000.00	24,000.00	
Other Special Items			
Host Municipal Benefits	647,000.00	647,175.32	175.32
Cable TV Franchise Fee	8,800.00	8,828.35	28.35
	<u>897,360.65</u>	<u>896,814.47</u>	<u>(546.18)</u>
Receipts from Delinquent Taxes	<u>149,000.00</u>	<u>204,307.78</u>	<u>55,307.78</u>
Subtotal General Revenues	1,459,360.65	1,514,122.25	54,761.60
Amount to be Raised by Taxes for			
Support to Municipal Budget -			
Local Tax for Municipal Purposes	<u>954,366.96</u>	<u>1,017,696.69</u>	<u>63,329.73</u>
Budget Totals	2,413,727.61	2,531,818.94	118,091.33
Nonbudget Revenues	<u>57,380.45</u>	<u>57,380.45</u>	<u>57,380.45</u>
	<u>\$ 2,413,727.61</u>	<u>\$ 2,589,199.39</u>	<u>\$ 175,471.78</u>

(Continued)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2019

Analysis of Realized Revenue:

Allocation of Current Tax Collections:

Revenue from Collections	\$ 11,171,941.62
Allocated to:	
School, County, and Special District Taxes	<u>10,438,705.89</u>
Balance for Support of Municipal Budget Revenues	733,235.73
Add:	
Appropriation: "Reserve for Uncollected Taxes"	<u>284,460.96</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 1,017,696.69</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u>204,307.78</u>
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Analysis of Non-Budget Revenue:

Appropriation Refunds	\$ 1,551.30	
Interest on Investments and Deposits	23,889.47	
JIF Safety Awards	3.17	
Miscellaneous	3,403.18	
Off Duty Police Fees	21,246.79	
Motor Vehicle Inspection Fees	1,682.50	
Planning Board Fees	5,100.00	
Senior and Veteran Deduction Administrative Fee	420.00	
Tax Collector - Miscellaneous	10.00	
Treasurer - Miscellaneous	<u>74.04</u>	
Treasurer / Collector		\$ 56,826.49
Interest on Investments and Deposits - Interfunds		<u>553.96</u>
		<u>\$ 57,380.45</u>

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

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved
OPERATIONS WITHIN "CAPS":					
GENERAL GOVERNMENT FUNCTIONS:					
General Administration:					
Other Expenses	\$ 13,800.00	\$ 13,800.00	\$ 9,310.52		\$ 4,489.48
Human Resources (Personnel)					
Other Expenses	1,000.00	1,000.00			1,000.00
Governing Body:					
Salaries and Wages	14,900.00	14,900.00	13,757.76		1,142.24
Other Expenses	3,500.00	3,500.00	2,575.95		924.05
Municipal Clerk:					
Salaries and Wages	89,700.00	89,700.00	86,326.58		3,373.42
Other Expenses	15,500.00	15,500.00	9,925.52		5,574.48
Financial Administration:					
Salaries and Wages	21,550.00	21,650.00	21,569.50		80.50
Other Expenses	9,700.00	9,600.00	7,163.44		2,436.56
Audit Services:					
Other Expenses	30,500.00	30,500.00	21,945.00		8,555.00
Revenue Administration:					
Salaries and Wages	5,700.00	5,700.00	5,646.41		53.59
Other Expenses	6,500.00	6,500.00	5,879.96		620.04
Legal Services:					
Other Expenses	70,500.00	70,500.00	70,500.00		
Engineering Services:					
Other Expenses	23,000.00	23,000.00	10,286.25		12,713.75
Municipal Court:					
Salaries and Wages	26,750.00	22,350.00	22,273.22		76.78
Other Expenses	11,775.00	5,875.00	5,791.45		83.55
Public Defender:					
Salaries and Wages	500.00	500.00	500.00		
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	26,000.00	26,000.00	22,738.68		3,261.32
Other Expenses	13,400.00	13,400.00	2,567.84	\$ 562.50	10,269.66
Zoning Board of Adjustments:					
Salaries and Wages	6,400.00	6,400.00	6,367.30		32.70
Other Expenses	200.00	200.00	144.79		55.21

(Continued)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved
OPERATIONS WITHIN "CAPS" (CONT'D):					
INSURANCE:					
General Liability	\$ 18,500.00	\$ 18,500.00	\$ 16,634.00		\$ 1,866.00
Workers Compensation	39,600.00	39,600.00	39,600.00		
Employee Group Health	172,500.00	155,500.00	146,833.91		8,666.09
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	383,000.00	373,500.00	373,493.52		6.48
Other Expenses	37,665.00	168,465.00	168,071.93		393.07
Office of Emergency Management:					
Salaries and Wages	400.00	400.00	358.02		41.98
Other Expenses	300.00	300.00			300.00
PUBLIC SAFETY FUNCTIONS:					
Aid to Volunteer Fire Companies:					
Other Expenses	25,000.00	25,000.00	25,000.00		
Municipal Prosecutor's Office:					
Other Expenses	11,300.00	11,300.00	10,175.00		1,125.00
PUBLIC WORKS FUNCTIONS:					
Street and Road Maintenance:					
Salaries and Wages	106,000.00	106,000.00	59,542.07		46,457.93
Other Expenses	46,000.00	46,000.00	13,195.83		32,804.17
Other Public Works Functions:					
Recycling - Other Expenses	2,000.00	2,000.00			2,000.00
Solid Waste Collection:					
Contractual Services	199,950.00	199,950.00	183,258.46		16,691.54
Building and Grounds:					
Other Expenses	24,000.00	24,000.00	16,143.47		7,856.53
Vehicle Maintenance:					
Other Expenses	24,500.00	24,500.00	13,067.61		11,432.39
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Environmental Health Services:					
Other Expenses	450.00	450.00	100.00		350.00

(Continued)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved
OPERATIONS WITHIN "CAPS" (CONT'D):					
PARK AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Other Expenses	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00		
Maintenance of Parks:					
Other Expenses	7,000.00	7,000.00	1,588.38	\$	5,411.62
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	18,000.00	18,000.00	15,571.30		2,428.70
Street Lighting	14,500.00	14,500.00	12,827.06		1,672.94
Telephone	13,000.00	13,000.00	11,567.64		1,432.36
Gas (Natural or Propane)	21,000.00	15,000.00	10,508.46		4,491.54
Fuel Oil	6,000.00	6,000.00	4,310.07		1,689.93
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Sanitary Landfill:					
Other Expenses	116,000.00	116,000.00	105,968.61		10,031.39
OTHER COMMON OPERATING FUNCTIONS:					
Farmland Contribution - Other Expenses	500.00	500.00	500.00		
Total Operations Within "CAPS"	1,698,040.00	1,786,040.00	1,573,585.51	\$ 562.50	211,891.99
Detail:					
Salaries and Wages	680,900.00	667,100.00	612,573.06	-	54,526.94
Other Expenses	1,017,140.00	1,118,940.00	961,012.45	562.50	157,365.05
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	32,608.00	32,608.00	32,608.00		
Social Security System (O.A.S.I.)	57,000.00	57,000.00	50,254.05		6,745.95
Police and Fireman's Retirement System	92,495.00	92,495.00	92,495.00		
Defined Contribution Retirement Plan	2,000.00	2,000.00	646.67		1,353.33
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	184,103.00	184,103.00	176,003.72	-	8,099.28

(Continued)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 1,882,143.00	\$ 1,970,143.00	\$ 1,749,589.23	\$ 562.50	\$ 219,991.27
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Shared Service Agreements:					
Woodbury Heights Borough:					
Chief Financial Officer	18,290.00	18,290.00	18,290.00		
Tax Collector	16,960.00	16,960.00	16,960.00		
Woolwich Township:					
Public Works Department	6,000.00	6,000.00	4,750.00		1,250.00
Public and Private Programs Offset by Revenues:					
Safe and Secure Communities Program (P.L. 1994, C.220)	24,000.00	24,000.00	24,000.00		
Municipal Alliance Program for Alcoholism & Drug Abuse					
State Share	9,084.00	9,084.00	9,084.00		
Local Share	2,271.00	2,271.00	2,271.00		
Body Armor Grant	954.99	954.99	954.99		
Recycling Tonnage Grant	1,490.43	1,490.43	1,490.43		
Alcohol Education & Rehabilitation Grant	73.23	73.23	73.23		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	79,123.65	79,123.65	77,873.65	-	1,250.00
Detail:					
Salaries and Wages	35,323.23	35,323.23	35,323.23	-	-
Other Expenses	43,800.42	43,800.42	42,550.42	-	1,250.00
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>					
Capital Improvement Fund	168,000.00	168,000.00	168,000.00		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	247,123.65	247,123.65	245,873.65	-	1,250.00
SUBTOTAL GENERAL APPROPRIATIONS	2,129,266.65	2,217,266.65	1,995,462.88	562.50	221,241.27
RESERVE FOR UNCOLLECTED TAXES	284,460.96	284,460.96	284,460.96		
TOTAL GENERAL APPROPRIATIONS	\$ 2,413,727.61	\$ 2,501,727.61	\$ 2,279,923.84	\$ 562.50	\$ 221,241.27

(Continued)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Original Budget	\$ 2,413,727.61	
Emergency Appropriation	88,000.00	
Federal and State Grants		\$ 37,873.65
Reserve for Uncollected Taxes		284,460.96
Disbursed		<u>1,957,589.23</u>
	<u>\$ 2,501,727.61</u>	<u>\$ 2,279,923.84</u>

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

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
 Statements of Assets, Liabilities and Reserves - Regulatory Basis
 As of December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Assets:			
Animal Control Fund:			
Cash - Chief Financial Officer	SB-1	\$ 4,763.57	\$ 8,064.18
Other Funds:			
Cash - Chief Financial Officer	SB-1	668,127.27	777,596.40
Cash - Tax Collector	SB-2	23,910.17	9,004.34
		<u>692,037.44</u>	<u>786,600.74</u>
		<u>\$ 696,801.01</u>	<u>\$ 794,664.92</u>
Liabilities and Reserves:			
Animal Control Fund:			
Due Current Fund	SB-3	\$ 2.19	\$ 836.40
Due to State of New Jersey	SB-4	9.00	9.60
Encumbrances Payable	SB-5	-	29.60
Reserve for Animal Control Expenditures	SB-5	4,752.38	7,188.58
		<u>4,763.57</u>	<u>8,064.18</u>
Other Funds:			
Due to Current Fund	SB-6	308.28	23,121.43
Due to State - DCA Fees	SB-8	2,075.00	1,026.00
Encumbrances Payable	SB-7	9,098.38	6,556.37
Reserve for:			
Developer's Escrow	SB-7	122,399.86	145,529.34
Escrow Interest Earnings	SB-7	78,914.07	78,914.07
Unemployment Insurance	SB-7	24,454.99	23,053.71
Police Outside Employment	SB-7	0.00	18,321.16
Payroll Account	SB-7	5,796.05	3,576.38
Tax Sale Premiums	SB-7	23,900.00	9,000.00
Parks and Recreation	SB-7	28,314.46	24,356.84
FEMA / Snow Removal	SB-7	2,337.12	2,337.12
Uniform Construction Code	SB-7	278,478.73	256,370.40
Public Defender	SB-7	145.62	121.62
Donations	SB-7	12,971.98	15,552.12
Parking Offense Adjudication Act	SB-7	2.00	2.00
Maintenance and Performance Bonds	SB-7	102,840.90	178,762.18
		<u>692,037.44</u>	<u>786,600.74</u>
		<u>\$ 696,801.01</u>	<u>\$ 794,664.92</u>

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

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019 and 2018

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Assets:			
Cash - Chief Financial Officer	SC-1	\$ 244,792.21	\$ 87,018.38
Federal and State Aid Receivable	SC-3	472,924.57	202,924.57
Due From Current Fund	SC-4	<u>163,863.84</u>	<u>258,155.06</u>
		<u>\$ 881,580.62</u>	<u>\$ 548,098.01</u>
Liabilities, Reserves and Fund Balance:			
Due Federal and State Grant Fund	A	\$ 43,168.25	\$ 43,168.25
Capital Improvement Fund	SC-5	186,235.22	81,235.22
Encumbrances Payable	SC-6	227,504.30	10,801.91
Improvement Authorizations:			
Funded	SC-6	124,131.51	112,851.29
Capital Reserves	SC-7	<u>300,541.34</u>	<u>300,041.34</u>
		<u>\$ 881,580.62</u>	<u>\$ 548,098.01</u>

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

TOWNSHIP OF SOUTH HARRISON
GENERAL FIXED ASSET GROUP OF ACCOUNTS
Statement of General Fixed Asset Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2019

	Balance Dec. 31, 2018	Additions	Deletions	Balance Dec. 31, 2019
General Fixed Assets:				
Land	\$ 635,570.00			\$ 635,570.00
Buildings	1,098,182.00			1,098,182.00
Machinery and Equipment	488,041.04		\$ 220,405.23	267,635.81
Total General Fixed Assets	<u>\$ 2,221,793.04</u>	<u>\$ -</u>	<u>\$ 220,405.23</u>	<u>\$ 2,001,387.81</u>
Total Investment in General Fixed Assets	<u>\$ 2,221,793.04</u>	<u>\$ -</u>	<u>\$ 220,405.23</u>	<u>\$ 2,001,387.81</u>

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

TOWNSHIP OF SOUTH HARRISON
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of South Harrison (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on March 2, 1883 from portions of Harrison Township. The Township, located in Gloucester County, New Jersey, has a total area of approximately fifteen square miles, and is located approximately thirty miles from the City of Philadelphia. The Township borders Elk Township, Harrison Township, Pilesgrove Township, Upper Pittsgrove Township, and the Borough of Swedesboro. According to the 2010 census, the population is 3,162.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

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

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

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

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

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

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

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

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

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

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of South Harrison School District and the Kingsway Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the regional school district for the period from January 1 to December 31. For the local school district, operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2018 and decreased by the amount deferred at December 31, 2019.

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

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

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2019, the Township's bank balances of \$4,145,900.89 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,130,258.15
Uninsured and Uncollateralized	<u>15,642.74</u>
Total	<u>\$ 4,145,900.89</u>

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2019, the Township's deposits with the New Jersey Cash Management Fund were \$86,607.42.

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 2.953</u>	<u>\$ 2.908</u>	<u>\$ 2.865</u>	<u>\$ 2.836</u>	<u>\$ 2.818</u>
Apportionment of Tax Rate:					
Municipal	\$.247	\$.241	\$.231	\$.210	\$.201
County	.782	.764	.753	.747	.737
Local School	1.089	1.039	1.012	1.011	1.012
Regional School	.835	.864	.869	.868	.868

Note 3: PROPERTY TAXES (CONT'D)

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

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 385,373,400.00
2018	383,385,700.00
2017	379,454,625.00
2016	378,324,352.00
2015	372,384,525.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 11,438,667.78	\$ 11,171,941.62	97.67%
2018	11,229,868.68	10,990,643.00	97.87%
2017	10,976,767.55	10,778,922.74	98.20%
2016	10,781,078.46	10,578,785.68	98.12%
2015	10,624,366.65	10,488,040.19	98.72%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$ 83,983.03	\$ 244,010.33	\$ 327,993.36	2.87%
2018	67,580.03	201,561.75	269,141.78	2.40%
2017	65,472.20	167,679.36	233,151.56	2.12%
2016	45,967.87	189,516.41	235,484.28	2.18%
2015	38,150.19	125,422.91	163,573.10	1.54%

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

<u>Year</u>	<u>Number</u>
2019	9
2018	10
2017	9
2016	4
2015	3

Note 4: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 1,295,095.43	\$ 315,000.00	24.32%
2018	1,290,303.66	413,000.00	32.01%
2017	1,207,070.07	325,000.00	26.92%
2016	1,083,882.25	295,000.00	27.22%
2015	1,108,876.21	400,000.00	36.07%

Note 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2019:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 310.47	\$ 237,673.05
Federal and State Grant	116,977.46	
Trust - Animal Control		2.19
Trust - Other		308.28
General Capital	163,863.84	43,168.25
Totals	<u>\$ 281,151.77</u>	<u>\$ 281,151.77</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2020, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 6: PENSION PLANS

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

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

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

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

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

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on 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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

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

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2019 was 15.90% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$33,488.00, and was payable by April 1, 2020. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$32,608.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$15,800.38.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

The Township's contractually required contribution rate for the year ended December 31, 2019 was 38.26% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$82,516.00, and was payable by April 1, 2020. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$92,495.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$22,162.80.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2019 was 4.93% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 is \$10,636.00, and was payable by April 1, 2020. Based on the PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 was \$10,299.00, which was paid on April 1, 2019.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. 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. In addition to the employee contributions, the Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2019, employee contributions totaled \$878.20, and the Township's contributions were \$479.03. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$620,335.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Township's proportion was .0034427689%, which was an increase of .0001645185% from its proportion measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$31,610.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township's contribution to PERS was \$32,608.00, and was paid on April 1, 2019.

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

Police and Firemen's Retirement System - At December 31, 2019, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 999,708.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	157,856.00
	<u>\$ 1,157,564.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2019 measurement date, the Township's proportion was .0081690065%, which was a decrease of .0012919716% from its proportion measured as of June 30, 2018. Likewise, at June 30, 2019, the State of New Jersey's proportion, on-behalf of the Township, was .0081690065%, which was a decrease of .0012919716% from its proportion, on-behalf of the Township, measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$99,915.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township's contribution to PFRS was \$92,495.00, and was paid on April 1, 2019.

At December 31, 2019, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date is \$18,342.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 11,134.00	\$ 8,439.00	\$ 19,573.00	\$ 2,740.00	\$ 6,329.00	\$ 9,069.00
Changes of Assumptions	61,943.00	34,255.00	96,198.00	215,316.00	323,097.00	538,413.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	9,792.00	13,546.00	23,338.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	51,982.00	154,363.00	206,345.00	32,890.00	238,964.00	271,854.00
Township Contributions Subsequent to the Measurement Date	16,744.00	41,258.00	58,002.00	-	-	-
	<u>\$ 141,803.00</u>	<u>\$ 238,315.00</u>	<u>\$ 380,118.00</u>	<u>\$ 260,738.00</u>	<u>\$ 581,936.00</u>	<u>\$ 842,674.00</u>

\$16,744.00 and \$41,258.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2020. These amounts were based on an estimated April 1, 2021 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2019 to the Township's year end of December 31, 2019.

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

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

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

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

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2020	\$ (15,993.00)	\$ (51,820.00)	\$ (67,813.00)
2021	(56,554.00)	(136,807.00)	(193,361.00)
2022	(47,038.00)	(94,039.00)	(141,077.00)
2023	(15,094.00)	(48,900.00)	(63,994.00)
2024	(1,000.00)	(53,313.00)	(54,313.00)
	<u>\$ (135,679.00)</u>	<u>\$ (384,879.00)</u>	<u>\$ (520,558.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

(1) Based on Years of Service

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

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

For PFRS, pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28% for PERS and 6.85% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS and 2076 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS and 2076 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Township's Proportionate Share of the Net Pension Liability	\$ 783,584.00	\$ 620,335.00	\$ 482,774.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2019, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.85%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Township's Proportionate Share of the Net Pension Liability	\$ 1,351,241.00	\$ 999,708.00	\$ 708,764.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	213,364.00	157,856.00	111,915.00
	<u>\$ 1,564,605.00</u>	<u>\$ 1,157,564.00</u>	<u>\$ 820,679.00</u>

Note 6: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

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

Supplementary Pension Information

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0034427689%	0.0032782504%	0.0031943240%	0.0034910512%
Township's Proportionate Share of the Net Pension Liability	\$ 620,335.00	\$ 645,471.00	\$ 743,588.00	\$ 1,033,949.00
Township's Covered Payroll (Plan Measurement Period)	\$ 236,604.00	\$ 230,216.00	\$ 221,308.00	\$ 240,168.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	262.18%	280.38%	336.00%	430.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0033512777%	0.0035003038%	0.0033597460%	
Township's Proportionate Share of the Net Pension Liability	\$ 752,295.00	\$ 655,353.00	\$ 642,114.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 231,176.00	\$ 242,072.00	\$ 231,772.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.42%	270.73%	277.05%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

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

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 33,488.00	\$ 32,608.00	\$ 29,592.00	\$ 31,014.00
Township's Contribution in Relation to the Contractually Required Contribution	\$ (33,488.00)	(32,608.00)	(29,592.00)	(31,014.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 210,671.00	\$ 246,717.00	\$ 230,444.00	\$ 220,166.00
Township's Contributions as a Percentage of Covered Payroll	15.90%	13.22%	12.84%	14.09%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 28,812.00	\$ 28,856.00	\$ 25,315.00	
Township's Contribution in Relation to the Contractually Required Contribution	(28,812.00)	(28,856.00)	(25,315.00)	
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	
Township's Covered Payroll (Calendar Year)	\$ 235,967.00	\$ 229,435.00	\$ 239,497.00	
Township's Contributions as a Percentage of Covered Payroll	12.21%	12.58%	10.57%	

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0081690065%	0.0094609781%	0.0082627655%	0.0091658628%
Township's Proportionate Share of the Net Pension Liability	\$ 999,708.00	\$ 1,280,226.00	\$ 1,275,611.00	\$ 1,750,914.00
State's Proportionate Share of the Net Pension Liability associated with the Township	157,856.00	173,898.00	142,879.00	147,033.00
Total	<u>\$ 1,157,564.00</u>	<u>\$ 1,454,124.00</u>	<u>\$ 1,418,490.00</u>	<u>\$ 1,897,947.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 297,088.00	\$ 313,872.00	\$ 267,464.00	\$ 292,964.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	336.50%	407.88%	476.93%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0092047638%	0.0067542103%	0.0077538001%	
Township's Proportionate Share of the Net Pension Liability	\$ 1,533,193.00	\$ 849,617.00	\$ 1,030,798.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	134,456.00	91,489.00	96,083.00	
Total	<u>\$ 1,667,649.00</u>	<u>\$ 941,106.00</u>	<u>\$ 1,126,881.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 256,140.00	\$ 213,328.00	\$ 243,336.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	598.58%	398.27%	423.61%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%	

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

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 82,516.00	\$ 92,495.00	\$ 73,127.00	\$ 74,733.00
Township's Contribution in Relation to the Contractually Required Contribution	(82,516.00)	(92,495.00)	(73,127.00)	(74,733.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 215,684.00	\$ 292,679.00	\$ 312,932.00	\$ 288,161.00
Township's Contributions as a Percentage of Covered Payroll	38.26%	31.60%	23.37%	25.93%

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 74,821.00	\$ 51,877.00	\$ 56,570.00
Township's Contribution in Relation to the Contractually Required Contribution	(74,821.00)	(51,877.00)	(56,570.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 294,514.00	\$ 269,201.00	\$ 226,928.00
Township's Contributions as a Percentage of Covered Payroll	25.40%	19.27%	24.93%

Other Notes to Supplementary Pension Information***Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years: 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

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

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used. For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

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

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

Changes in Assumptions

The Discount Rate changed at June 30th over the following years: 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017, 6.51% 2018 and 6.85% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years: 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2013 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-201 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees, the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For beneficiaries mortality, the Pub-2010 General Retiree Below-Median Income Weighted mortality table, unadjusted, and with future improvement from the base year of 2010 on a generational basis was used. For disabled mortality, the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used. For 2016, the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Township does not provide postemployment benefits to its retirees, however, the State of New Jersey (the "State") provides these benefits to certain Township retirees and their dependents under a special funding situation as described below.

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

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

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

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

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

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

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

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

Therefore, the Township is considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the Township does not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the Township is required disclose:

- a) the State's proportion (percentage) of the collective net OPEB liability that is associated with the Township,
- b) the State's proportionate share of the collective net OPEB liability that is associated with the Township, and
- c) the State's proportionate share of the OPEB (benefit) expense that is associated with the Township.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB (benefit) expense, on-behalf of the Township, is \$12,285.00 for the year ended December 31, 2019 representing 5.70% of the Township's covered payroll.

OPEB Liability and OPEB (Benefit) Expense

OPEB Liability - At December 31, 2019 the State's proportionate Share of the Net OPEB liability associated with the Township is \$926,774.00. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The State's proportion of the net OPEB liability, on-behalf of the Township, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the Township was .016772% which was an increase of .002695% from its proportion measured as of the June 30, 2018 measurement date.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability and OPEB (Benefit) Expense (Cont'd)**

OPEB (Benefit) Expense - At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date, is \$12,285.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Not Applicable Under Special Funding Situation	
PFRS:	
Rate for all Years	3.25% to 15.25%

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

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

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

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

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

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

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

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	\$ 1,071,587.00	\$ 926,774.00	\$ 809,095.00

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	\$ 782,083.00	\$ 926,774.00	\$ 1,111,352.00

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

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

Supplementary OPEB Information

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.000000%	0.000000%	0.000000%
State's Proportion of the Net OPEB Liability Associated with the Township	100.000000%	100.000000%	100.000000%
	<u>100.000000%</u>	<u>100.000000%</u>	<u>100.000000%</u>
Township's Proportionate Share of the Net OPEB Liability \$	-	-	-
State's Proportionate Share of the Net OPEB Liability Associated with the Township	926,774.00	874,723.00	1,561,957.00
Total	<u>\$ 926,774.00</u>	<u>\$ 874,723.00</u>	<u>\$ 1,561,957.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 282,273.00	\$ 304,488.00	\$ 299,663.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	328.325%	287.277%	521.238%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

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

The amount of actual contributions that the State made on-behalf of the Township is not known.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

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

Changes in Assumptions

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

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

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

Note 8: CAPITAL DEBT

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .00%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 8,425,000.00	\$ 8,425,000.00	\$ -
Regional School Purposes	4,525,247.48	4,525,247.48	-
	<u>\$ 12,950,247.48</u>	<u>\$ 12,950,247.48</u>	<u>\$ -</u>

Net debt \$0.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$403,441,841.67 equals .00%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 14,120,464.46
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 14,120,464.46</u>

Note 9: 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 shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2019</u>	<u>2020 Budget Appropriation</u>
Current Fund:		
Emergency Appropriation	\$ 88,000.00	\$ 88,000.00

The appropriations in the 2020 Budget as adopted are not less than that required by the statutes.

Note 10: SCHOOL TAXES

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

	<u>Balance December 31,</u>	
	<u>2019</u>	<u>2018</u>
Balance of Tax	\$ 1,469,424.60	\$ 1,428,647.70
Deferred	<u>295,631.25</u>	<u>295,631.25</u>
Taxes Payable	<u>\$ 1,173,793.35</u>	<u>\$ 1,133,016.45</u>

Note 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 1,335.05	\$ 112.73	\$ 46.50	\$ 24,455.29
2018	1,500.64	90.91	37.50	23,054.01
2017	1,441.92	39.39	50.50	21,499.96

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2019.

Note 11: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Township of South Harrison is a member of the Gloucester, Salem, and Cumberland County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
 General Liability including Police Professional and Employee Benefit Liability
 Automobile Liability
 Blanket Crime including Public Employee Dishonesty
 Property Including Boiler and Machinery
 Public Officials and Employment Practices Liability
 Volunteer Directors and Officers Liability
 Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
 Excess General Liability
 Non-Owned Aircraft Liability
 Excess Auto Liability
 Fidelity and Performance (Blanket)
 Excess Property including Boiler and Machinery
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

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

The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Gloucester, Salem, Cumberland County Municipal Joint Insurance Fund
 P.O. Box 442
 Hammonton, New Jersey 08037

Note 12: HOST COMMUNITY BENEFITS AGREEMENT

The Gloucester County Improvement Authority (Authority) is the owner and operator of a sanitary landfill facility located in the Township. The Township is entitled to a host community benefit pursuant to N.J.S.A. 13:1E-28.

The Township entered into an agreement on host community benefits with the Authority on February 21, 1989. The agreement stated that commencing January 1, 1989 and continuing until a period of time the Authority ceases operations and no longer accept ash or other waste at the landfill facility, the Authority will provide annual host community benefits of \$420,000.00. Of the amount provided, \$20,000.00 and \$5,000.00 is paid by the Authority directly to the Township's volunteer fire company and volunteer ambulance service respectively, \$395,000.00 will be paid to the Township.

On September 8, 2004 the Township and the Authority mutually agreed to supplement the host community benefits to reflect the increased size of the landfill. When the Authority accepted solid waste for disposal in Cell 10, the annual host community benefits were increased from \$420,000.00 to \$600,000.00. The agreement states that an adjustment to the host community benefits shall be made every five years after the commencement date of the payment of \$600,000.00 using the cumulative percent changes in consumer price index for the four years preceding the date that the adjustment is to be made. The amount paid by the Authority directly to the Township's volunteer fire company and volunteer ambulance service will increase from \$20,000.00 to \$25,000.00 and \$5,000.00 to \$10,000.00 respectively, and \$565,000.00 will be paid the Township.

In 2013, the host community benefit was recalculated and increased to \$640,000.00, and remains this amount as of December 31, 2019.

Note 13: CONTINGENCIES

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

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

Note 14: CONCENTRATIONS

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

Note 15: SUBSEQUENT EVENTS (CONT'D)

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2020.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Current Cash - Chief Financial Officer
For the Year Ended December 31, 2019

		Current Fund
Balance December 31, 2018		\$ 3,086,176.16
Increased by Receipts:		
Taxes Receivable	\$ 11,190,470.28	
Prepaid Taxes	139,112.65	
Tax Overpayments	61,082.50	
Due State of New Jersey - Senior Citizens and Veterans Deductions	21,000.00	
Revenue Accounts Receivable	861,211.82	
Miscellaneous Revenue Not Anticipated	56,826.49	
Federal & State Grants Receivable	141,960.48	
Due Animal Control Fund	836.40	
Due General Capital Fund	75,037.94	
Due Trust Other Fund	20,376.78	
		12,567,915.34
		15,654,091.50
Decreased by Disbursements:		
2018 Appropriation Reserves	46,442.16	
2019 Appropriations	1,957,589.23	
County Taxes	3,008,760.71	
Due County for Added and Omitted Taxes	20,333.93	
Local District School Tax	4,154,927.10	
Regional High School Tax	3,219,873.54	
Refund Tax Overpayments	23,563.69	
Federal & State Grant Expenditures	13,400.78	
Due General Capital Fund	169,225.01	
		12,614,116.15
Balance December 31, 2019		\$ 3,039,975.35

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2019

Year	Balance	2019 Levy	Added Taxes	Collections		Over-Payments Applied	Canceled	Transferred To Tax Title Liens	Balance
	Dec. 31, 2018			2018	2019				Dec. 31, 2019
2003	\$ 459.63								\$ 459.63
2017	254.29				\$ 254.29				
2018	200,847.83		\$ 4,446.54		176,507.28	\$ 27,546.21		\$ 660.11	580.77
	201,561.75	-	4,446.54	-	176,761.57	27,546.21	-	660.11	1,040.40
2019		\$ 11,438,667.78		\$ 136,732.91	11,035,208.71		\$ 8,199.82	15,556.41	242,969.93
	<u>\$ 201,561.75</u>	<u>\$ 11,438,667.78</u>	<u>\$ 4,446.54</u>	<u>\$ 136,732.91</u>	<u>\$ 11,211,970.28</u>	<u>\$ 27,546.21</u>	<u>\$ 8,199.82</u>	<u>\$ 16,216.52</u>	<u>\$ 244,010.33</u>
Taxes Receivable					\$ 11,190,470.28				
Senior Citizens and Veterans					21,500.00				
					<u>\$ 11,211,970.28</u>				
<u>Analysis of 2019 Property Tax Levy</u>									
<u>Tax Yield:</u>									
General Property Tax					\$ 11,384,365.04				
Added Taxes (54:4-63.1 et. seq.)					54,302.74				
						\$ <u>11,438,667.78</u>			
<u>Tax Levy:</u>									
Local School District Tax					\$ 4,195,704.00				
Regional High School Tax					3,219,873.00				
County Taxes:									
County Tax					\$ 3,008,760.71				
Due County for Added Taxes					14,368.18				
						3,023,128.89			
Local Tax for Municipal Purposes					954,366.96				
Add: Additional Tax Levied					45,594.93				
						999,961.89			
						\$ <u>11,438,667.78</u>			

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 67,580.03
Increased by:		
Transfers from Taxes Receivable	\$ 16,216.52	
Interest and Costs on Sale	<u>186.48</u>	
		<u>16,403.00</u>
Balance December 31, 2019		<u>\$ 83,983.03</u>

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Due State of New Jersey - Senior Citizen's and Veteran's Deductions
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 2,769.35
Increased by:		
Received from State of New Jersey		21,000.00
		23,769.35
Decreased by:		
Deductions per Tax Billing:		
Senior Citizens	\$ 1,750.00	
Veterans	19,250.00	
Deductions Allowed by Collector - 2019 Taxes	500.00	
		21,500.00
Balance December 31, 2019		\$ 2,269.35
<u>Analysis of Amount Realized:</u>		
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$ 21,000.00	
Senior Citizens' and Veterans' Deductions Allowed - 2019	500.00	
		\$ 21,500.00

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2019

	<u>Balance Dec. 31, 2018</u>	<u>Accrued In 2019</u>	<u>Collected</u>	<u>Balance Dec. 31, 2019</u>
Miscellaneous Revenue Anticipated:				
Licenses:				
Alcoholic Beverages		\$ 14,967.22	\$ 14,967.22	
Fines and Costs:				
Municipal Court	\$ 1,759.74	16,017.03	17,776.77	
Interest on Taxes		42,506.16	42,506.16	
Consolidated Municipal Property Tax Relief Aid		8,206.00	8,206.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167		121,752.00	121,752.00	
Host Municipal Benefits		647,175.32	647,175.32	
Cable TV Franchise Fee		8,828.35	8,828.35	
	<u>\$ 1,759.74</u>	<u>\$ 859,452.08</u>	<u>\$ 861,211.82</u>	<u>\$ -</u>

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2019

	Balance Dec. 31, 2018		Balance After Modification	Paid or Charged	Balance Lapsed
	Encumbered	Reserved			
Operations Within "CAPS":					
General Administration					
Other Expenses		\$ 2,342.33	\$ 2,342.33	\$	\$ 2,342.33
Human Resources (Personnel)					
Other Expenses		1,000.00	1,000.00		1,000.00
Governing Body					
Salaries and Wages		101.76	101.76		101.76
Other Expenses		688.00	688.00		688.00
Municipal Clerk:					
Salaries and Wages		403.87	403.87		403.87
Other Expenses	\$ 332.48	5,925.66	6,258.14	453.78	5,804.36
Financial Administration:					
Salaries and Wages		98.82	98.82		98.82
Other Expenses	668.30	902.23	1,570.53	668.30	902.23
Audit Services:					
Other Expenses		4,680.00	4,680.00	4,680.00	
Revenue Administration:					
Salaries and Wages		391.82	391.82		391.82
Other Expenses	480.00	664.82	1,144.82	480.00	664.82
Legal Services:					
Other Expenses		2,708.00	2,708.00		2,708.00
Engineering Services:					
Other Expenses	1,320.00	8,250.02	9,570.02	1,320.00	8,250.02
Municipal Court:					
Salaries and Wages		21.18	21.18		21.18
Other Expenses		3,188.69	3,188.69	25.00	3,163.69
Planning Board:					
Salaries and Wages		698.19	698.19		698.19
Other Expenses		6,686.12	6,686.12	635.76	6,050.36
Zoning Board					
Salaries and Wages		57.60	57.60		57.60
Insurance:					
Workers Compensation		940.00	940.00		940.00
Employee Group Insurance		49,347.96	49,347.96	72.33	49,275.63
Police Department:					
Salaries and Wages		35,213.95	33,713.95		33,713.95
Other Expenses	1,648.73	256.90	3,405.63	3,190.46	215.17
Office of Emergency Management:					
Salaries and Wages		16.98	16.98		16.98
Other Expenses		300.00	300.00		300.00
Street and Road Maintenance:					
Salaries and Wages		12,006.64	12,006.64		12,006.64
Other Expenses	356.17	10,344.83	10,701.00	493.43	10,207.57
Solid Waste Collection					
Contractual Service		16,691.54	16,691.54	16,659.86	31.68
Public Building and Grounds:					
Salaries and Wages		1,350.28	1,350.28		1,350.28
Other Expenses	265.93	2,456.81	2,722.74	455.60	2,267.14
Vehicle Maintenance:					
Other Expenses	132.56	5,767.59	5,900.15	5,129.17	770.98
Environmental Health Services:					
Other Expenses		350.00	350.00		350.00
Maintenance of Parks					
Other Expenses		3,706.81	3,706.81		3,706.81

(Continued)

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2019

	Balance Dec. 31, 2018		Balance After Modification	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
<u>Operations Within "CAPS" (CONT'D):</u>					
Utilities:					
Electricity	\$	3,252.30	\$ 3,252.30	\$ 7.74	\$ 3,244.56
Street Lighting		3,266.81	3,266.81	1,074.77	2,192.04
Telephone		1,853.14	1,853.14	213.76	1,639.38
Gas (Natural or Propane)	\$	1,391.96	3,318.55	1,391.96	1,926.59
Fuel Oil		2,015.29	2,015.29	873.49	1,141.80
Sanitary Landfill:					
Other Expenses		10,755.83	10,755.83	8,448.59	2,307.24
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		3,223.12	3,223.12		3,223.12
Defined Contribution Retirement Plan		528.68	528.68	168.16	360.52
	\$	<u>6,596.13</u>	\$ <u>210,977.29</u>	\$ <u>46,442.16</u>	\$ <u>164,535.13</u>

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2019

Balance December 31, 2018 (2019 Taxes)		\$ 136,732.91
Increased by:		
Collection (2020 Taxes)		<u>139,112.65</u>
		275,845.56
Decreased by:		
Application to 2019 Taxes		<u>136,732.91</u>
Balance December 31, 2019 (2020 Taxes)		<u><u>\$ 139,112.65</u></u>

Exhibit SA-8

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 27,546.21
Increased by:		
Overpayments Received		<u>61,082.50</u>
		88,628.71
Decreased by:		
Refunded	\$ 23,563.69	
Applied	<u>27,546.21</u>	
		<u>51,109.90</u>
Balance December 31, 2019		<u><u>\$ 37,518.81</u></u>

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2019

2019 Levy:			
County General	\$	2,656,828.76	
County Library		188,243.30	
County Open Space		<u>163,688.65</u>	
			\$ 3,008,760.71
Decreased by:			
Disbursements			<u>\$ 3,008,760.71</u>

Exhibit SA-10

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Amount Due to County for Added and Omitted Taxes
For the Year Ended December 31, 2019

Balance December 31, 2018	\$	20,333.93
Increased by:		
County Share of 2019 Levy		<u>14,368.18</u>
		34,702.11
Decreased by:		
Disbursements		<u>20,333.93</u>
Balance December 31, 2019	\$	<u>14,368.18</u>

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Local School District Tax
For the Year Ended December 31, 2019

<hr/>		
Balance December 31, 2018		\$
School Tax Payable	1,133,016.45	
Deferred School Tax Payable	295,631.25	
		\$ 1,428,647.70
 Levy-School Year July 1, 2019 - June 30, 2020		 4,195,704.00
		5,624,351.70
Decreased by:		
Disbursements		4,154,927.10
 Balance December 31, 2019		
School Tax Payable	1,173,793.35	
Deferred School Tax Payable	295,631.25	
		\$ 1,469,424.60
 <u>2019 Liability for Local School Tax:</u>		
Tax Paid		\$ 4,154,927.10
Tax Payable December 31, 2019		1,173,793.35
		5,328,720.45
Less:		
Tax Payable December 31, 2018		1,133,016.45
 Amount Charged to 2019 Operations		 \$ 4,195,704.00

Exhibit SA-12

TOWNSHIP OF SOUTH HARRISON
CURRENT FUND
Statement of Regional High School District Tax
For the Year Ended December 31, 2019

<hr/>		
Balance December 31, 2018		\$ 4.97
Increased by:		
2019 Levy-Calendar Year		3,219,873.00
		3,219,877.97
Decreased by:		
Disbursements		3,219,873.54
 Balance December 31, 2019		 \$ 4.43

TOWNSHIP OF SOUTH HARRISON
FEDERAL AND STATE GRANT FUND
 Statement of Due Current Fund
 For the Year Ended December 31, 2019

Balance December 31, 2018 (Due To)		\$ 57,021.49
Increased by:		
Grant Expenditures Paid by Current Fund		13,400.78
		70,422.27
Decreased by:		
Grant Revenues Deposited to Current Fund	\$ 141,960.48	
Local Match due from Current Fund	2,271.00	
		144,231.48
Balance December 31, 2019 (Due From)		\$ 73,809.21

TOWNSHIP OF SOUTH HARRISON
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2019

<u>Program</u>	<u>Balance Dec. 31, 2018</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance Dec. 31, 2019</u>
Federal Grants:				
NJDEP Municipal Stormwater Regulation	\$ 3,750.00			\$ 3,750.00
NJDOT - Cedar Grove Road	3,577.86			3,577.86
NJDOT - Cedar Grove and Lincoln Mill	<u>9,388.00</u>			<u>9,388.00</u>
Total Federal Grants	<u>16,715.86</u>	<u>-</u>	<u>-</u>	<u>16,715.86</u>
State Grants:				
Alcohol, Education, Rehabilitation and Enforcement Grant		\$ 80.37	\$ 80.37	
Body Armor Grant		954.99	954.99	
Clean Communities Program		9,160.26	9,160.26	
Municipal Alliance Grant		8,784.00	8,784.00	
Recycling Tonnage Grant		2,980.86	2,980.86	
Safe and Secure Communities Program	<u>87,530.00</u>	<u>32,470.00</u>	<u>120,000.00</u>	
Total State Grants	<u>87,530.00</u>	<u>54,430.48</u>	<u>141,960.48</u>	<u>-</u>
	<u>\$ 104,245.86</u>	<u>\$ 54,430.48</u>	<u>\$ 141,960.48</u>	<u>\$ 16,715.86</u>

TOWNSHIP OF SOUTH HARRISON
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2019

<u>Program</u>	<u>Balance Dec. 31, 2018</u>	<u>Federal and State Grants Receivable</u>	<u>Realized as Revenue in 2019 Budget</u>	<u>Balance Dec. 31, 2019</u>
State Grants:				
Alcohol, Education, Rehabilitation and Enforcement Grant	\$ 73.23	\$ 80.37	\$ 73.23	\$ 80.37
Body Armor Grant		954.99	954.99	
Clean Communities Program		9,160.26		9,160.26
Municipal Alliance Grant	300.00	8,784.00	9,084.00	
Recycling Tonnage Grant		2,980.86	1,490.43	1,490.43
Safe and Secure Communities Program		32,470.00	24,000.00	8,470.00
Total State Grants	\$ 373.23	\$ 54,430.48	\$ 35,602.65	\$ 19,201.06

TOWNSHIP OF SOUTH HARRISON
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants - Appropriated
For the Year Ended December 31, 2019

Program	Balance Dec. 31, 2018		Transferred from 2019 Budget Appropriation	Disbursed	Encumbered	Balance Dec. 31, 2019
	Appropriated	Encumbered				
Federal Grants:						
NJ DOT - Cedar Grove Road	\$ 3,577.86					\$ 3,577.86
NJ DOT - Cedar Grove & Lincoln Mill	9,388.00					9,388.00
NJDEP Municipal Stormwater Regulation	334.75					334.75
Total Federal Grants	13,300.61	-	-	-	-	13,300.61
State Grants:						
Alcohol, Education, Rehabilitation and Enforcement Grant	7,076.53		\$ 73.23			7,149.76
Assoc. of NJ Environmental Commissions	912.21					912.21
Body Armor Grant	925.69		954.99	\$ 899.00		981.68
Clean Communities Program	8,641.12			2,122.49		6,518.63
Municipal Alliance Grant	23,160.73	\$ 250.00	11,355.00	10,379.29	\$ 250.00	24,136.44
Recycling Tonnage Grant	5,395.50		1,490.43			6,885.93
Safe and Secure Communities Program	24,000.00		24,000.00			48,000.00
Total State Grants	70,111.78	250.00	37,873.65	13,400.78	250.00	94,584.65
Other Grants:						
Comcast Technology Grant	1,357.00					1,357.00
Delaware Valley Regional Planning Comm.	5,000.00					5,000.00
Total Other Grants	6,357.00	-	-	-	-	6,357.00
	\$ 89,769.39	\$ 250.00	\$ 37,873.65	\$ 13,400.78	\$ 250.00	\$ 114,242.26
Realized as Revenue in Budget			\$ 35,602.65			
Local Match - Due from Current Fund			2,271.00			
Cash Disbursed				\$ 13,400.78		
			\$ 37,873.65	\$ 13,400.78		

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
Statement of Trust Cash - Chief Financial Officer
For the Year Ended December 31, 2019

	Animal Control	Trust Other
Balance December 31, 2018	\$ 8,064.18	\$ 777,596.40
Increased by Receipts:		
Animal Control Collector	\$ 4,408.20	
Due to State of New Jersey:		
State License Fees	1,102.80	
Uniform Construction Code Training Fees		\$ 6,799.00
Due Current Fund	43.23	3,746.47
Miscellaneous Trust Reserves		988,987.69
	5,554.23	999,533.16
	13,618.41	1,777,129.56
Decreased by Disbursements:		
Animal Control Expenses	6,854.00	
Encumbrances	20.00	
Due to State of New Jersey:		
State License Fees	1,103.40	
Uniform Construction Code Training Fees		5,750.00
Due Current Fund	877.44	23,681.46
Due Capital Fund		
Miscellaneous Trust Reserves		1,079,570.83
	8,854.84	1,109,002.29
Balance December 31, 2019	\$ 4,763.57	\$ 668,127.27

TOWNSHIP OF SOUTH HARRISON
TRUST FUND
Statement of Trust Cash - Tax Collector
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 9,004.34
Increased by:		
Miscellaneous Reserves	\$ 135,604.06	
Interest Earned	<u>58.70</u>	
		<u>135,662.76</u>
		144,667.10
Decreased by:		
Miscellaneous Reserves	120,704.06	
Due Current Fund	<u>52.87</u>	
		<u>120,756.93</u>
Balance December 31, 2019		\$ <u><u>23,910.17</u></u>

TOWNSHIP OF SOUTH HARRISON
TRUST -- ANIMAL CONTROL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2019

Balance December 31, 2018	\$ 836.40
Increased by:	
Interest Earned	<u>43.23</u>
	879.63
Decreased by:	
Disbursements	<u>877.44</u>
Balance December 31, 2019	<u><u>\$ 2.19</u></u>

TOWNSHIP OF SOUTH HARRISON
TRUST -- ANIMAL CONTROL FUND
 Statement of Amount Due to State of New Jersey - Department of Health
 For the Year Ended December 31, 2019

Balance December 31, 2018		\$	9.60
Increased by:			
State License Fees			1,102.80
			1,112.40
Decreased by:			
Disbursements to the State			1,103.40
Balance December 31, 2019		\$	9.00

TOWNSHIP OF SOUTH HARRISON
TRUST -- ANIMAL CONTROL FUND
 Statement of Reserve for Animal Control Fund Expenditures
 For the Year Ended December 31, 2019

Balance December 31, 2018		\$	7,188.58
Increased by:			
Dog License Fees	\$ 3,139.20		
Late Fees Collected	1,269.00		
		\$ 4,408.20	
Cancel Prior Year Encumbrances		9.60	
			4,417.80
			11,606.38
Decreased by:			
Animal Control Expenses			6,854.00
Balance December 31, 2019		\$	4,752.38

Animal License Fees Collected	
Year	Amount
2017	\$ 4,542.60
2018	5,211.00
	\$ 9,753.60

TOWNSHIP OF SOUTH HARRISON
TRUST -- OTHER FUND
 Statement of Due Current Fund
 For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 23,121.43
Increased by:		
Interest Earned		
Treasurer	\$ 3,746.47	
Tax Collector	<u>58.70</u>	
		<u>3,805.17</u>
		26,926.60
Decreased by:		
Interfund Adjustments	2,883.99	
Disbursements		
Treasurer	23,681.46	
Tax Collector	<u>52.87</u>	
		<u>26,618.32</u>
Balance December 31, 2019		\$ <u><u>308.28</u></u>

TOWNSHIP OF SOUTH HARRISON
TRUST -- OTHER FUND
 Statement of Miscellaneous Trust Reserves
 For the Year Ended December 31, 2019

	Balance Dec. 31, 2018		Increased by		Decreased by		Balance Dec. 31, 2019
	Reserves	Encumbered	Receipts	Due From Current Fund	Disbursements	Encumbered	
Developer's Escrow	\$ 145,529.34	\$ 5,977.13	\$ 35,327.00		\$ 55,635.23	\$ 8,798.38	\$ 122,399.86
Escrow Interest Earnings	78,914.07						78,914.07
Unemployment Insurance	23,053.71		1,447.78		46.50		24,454.99
Police Outside Employment	18,321.16		55,520.50	\$ 2,964.13	76,805.79		0.00
Payroll Account	3,576.38	396.53	780,494.81		778,371.67	300.00	5,796.05
Tax Sale Premiums	9,000.00		23,900.00		9,000.00		23,900.00
Redemption of Tax Sale Certificates	-		111,704.06		111,704.06		-
Parks and Recreation	24,356.84	166.05	7,930.86		4,139.29		28,314.46
FEMA / Snow Removal	2,337.12						2,337.12
Uniform Construction Code	256,370.40	16.66	104,765.63		82,673.96		278,478.73
Public Defender	121.62		24.00				145.62
Donations	15,552.12			(80.14)	2,500.00		12,971.98
Parking Offense Adjudication Act	2.00						2.00
Maintenance and Performance Bonds	178,762.18		3,477.11		79,398.39		102,840.90
	<u>\$ 755,896.94</u>	<u>\$ 6,556.37</u>	<u>\$ 1,124,591.75</u>	<u>\$ 2,883.99</u>	<u>\$ 1,200,274.89</u>	<u>\$ 9,098.38</u>	<u>\$ 680,555.78</u>
Tax Collector			\$ 135,604.06		\$ 120,704.06		
Treasurer			988,987.69		1,079,570.83		
			<u>\$ 1,124,591.75</u>		<u>\$ 1,200,274.89</u>		

TOWNSHIP OF SOUTH HARRISON
TRUST -- OTHER FUND
Statement of Due to State - Uniform Construction Code Training Fees
For the Year Ended December 31, 2019

Balance December 31, 2018	\$ 1,026.00
Increased by:	
Receipts	<u>6,799.00</u>
	7,825.00
Decreased by:	
Disbursements	<u>5,750.00</u>
Balance December 31, 2019	<u><u>\$ 2,075.00</u></u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
Statement of General Capital Cash - Chief Financial Officer
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 87,018.38
Increased by Receipts:		
Capital Improvement Fund	\$ 168,000.00	
Reserve for Farmland Preservation	500.00	
Due Current Fund	<u>170,354.81</u>	
		<u>338,854.81</u>
		425,873.19
Decreased by Disbursements:		
Improvement Authorizations	105,017.39	
Due Current Fund	<u>76,063.59</u>	
		<u>181,080.98</u>
Balance December 31, 2019		<u><u>\$ 244,792.21</u></u>

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2019

	Balance Dec. 31, 2018	Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
		Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	
Fund Balance								
Capital Improvement Fund	\$ 81,235.22	\$ 168,000.00			\$ 63,000.00			\$ 186,235.22
Capital Reserves	300,041.34	500.00						300,541.34
Encumbrances Payable	10,801.91					10,801.91	\$ 227,504.30	227,504.30
Due State and Federal Grant Fund	43,168.25							43,168.25
Due Current Fund	(258,155.06)	170,354.81		\$ 76,063.59				(163,863.84)
Improvement Authorizations:								
Ordinance								
Number								
13-09 Athletic Field Improvements within Stewart Park	6,694.18		\$ 4,768.84					1,925.34
14-08 Municipal Code Update	69.60							69.60
14-13 Reconstruction of Lincoln Mill Road - Phase II	(211.38)							(211.38)
15-02 Stewart Memorial Park Signs	2.00							2.00
15-06 Construction of Pole Barn	625.00							625.00
16-05 Reconstruction of Lincoln Mill Road - Phase III	170.00							170.00
16-06 Purchase of Snow Plows	11.98							11.98
17-06 Upgrades to Municipal Building	6,381.18							6,381.18
17-07 Reconstruction of Lincoln Mill Phase IV	(72,126.85)		10,801.91				10,801.91	(72,126.85)
18-03 Reconstruction of Lincoln Mill Road Phase V	(55,245.45)		30,900.64					(86,146.09)
18-05 Municipal Building Upgrades	1,667.08							1,667.08
18-06 Purchase of Public Works Vehicle	21,739.38							21,739.38
18-09 Improvements and/or Maintenance to Roadways	150.00		150.00					
19-03 Reconstruction of Ferrell Road & Lincoln Roads			28,350.00			227,504.30	24,000.00	(231,854.30)
19-04 Improvements and/or Maintenance to Roadways			30,046.00				39,000.00	8,954.00
	<u>\$ 87,018.38</u>	<u>\$ 338,854.81</u>	<u>\$ 105,017.39</u>	<u>\$ 76,063.59</u>	<u>\$ 301,306.21</u>	<u>\$ 301,306.21</u>		<u>\$ 244,792.21</u>

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
Statement of Federal and State Aid Receivable
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 202,924.57
Increased by:		
NJ Department of Transportation Trust Fund		<u>270,000.00</u>
Balance December 31, 2019		<u>\$ 472,924.57</u>
Analysis:		
NJ Department of Transportation - Lincoln Mill Road Phase II		\$ 19,087.23
NJ Department of Transportation - Lincoln Mill Road Phase III		10,748.75
NJ Department of Transportation - Lincoln Mill Road Phase IV		72,313.60
NJ Department of Transportation - Lincoln Mill Road Phase V		100,774.99
NJ Department of Transportation - Ferrell Road and Lincoln Road		<u>270,000.00</u>
		<u>\$ 472,924.57</u>

Exhibit SC-4

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 258,155.06
Increased by:		
Disbursements:		
Interest Earned Transferred	\$ 1,063.59	
Interfund Loan	<u>75,000.00</u>	
		<u>76,063.59</u>
		334,218.65
Decreased by:		
Receipts:		
Interest Earned	1,129.80	
Transfer from Current Fund	<u>169,225.01</u>	
		<u>170,354.81</u>
Balance December 31, 2019		<u>\$ 163,863.84</u>

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2019

Balance December 31, 2018	\$ 81,235.22
Increased by:	
Budget Appropriation	<u>168,000.00</u>
	249,235.22
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>63,000.00</u>
Balance December 31, 2019	<u><u>\$ 186,235.22</u></u>

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2019

Ordinance Number	Ordinance	Date	Amount	Balance	Increased by		Decreased by		Balance
				Dec. 31, 2018	Prior Year	2019	Paid or	Year end	Dec. 31, 2019
				Funded	Encumbrances	Authorizations	Charged	Encumbrances	Funded
13-09	Athletic Field Improvements within Stewart Park	12/04/13	\$ 175,000.00	\$ 6,694.18			\$ 4,768.84		\$ 1,925.34
14-08	Municipal Code Update	05/14/14	6,000.00	69.60					69.60
14-13	Reconstruction Lincoln Mill Road - Phase II	10/08/14	196,000.00	18,875.85					18,875.85
15-02	Stewart Memorial Park Signs	04/08/15	1,450.00	2.00					2.00
15-06	Construction of Pole Barn	05/13/15	19,000.00	625.00					625.00
16-05	Reconstruction Lincoln Mill Road - Phase III	06/08/16	211,000.00	10,918.75					10,918.75
16-06	Purchase of Snow Plows	08/10/16	13,220.00	11.98					11.98
17-06	Upgrades to Municipal Building	06/14/17	30,000.00	6,381.18					6,381.18
17-07	Reconstruction of Lincoln Mill Phase IV	08/09/17	211,000.00	186.75	\$ 10,801.91		10,801.91		186.75
18-03	Reconstruction of Lincoln Mill Road Phase V	04/11/18	295,000.00	45,529.54			30,900.64		14,628.90
18-05	Municipal Building Upgrades	05/09/18	30,000.00	1,667.08					1,667.08
18-06	Purchase of Public Works Vehicle	05/09/18	40,000.00	21,739.38					21,739.38
18-09	Improvements and/or Maintenance to Roadways	09/12/18	8,000.00	150.00			150.00		
19-03	Reconstruction of Ferrell Road & Lincoln Roads	06/12/19	294,000.00			\$ 294,000.00	28,350.00	\$ 227,504.30	38,145.70
19-04	Improvements and/or Maintenance to Roadways	06/12/19	9,000.00			39,000.00	30,046.00		8,954.00
				<u>\$ 112,851.29</u>	<u>\$ 10,801.91</u>	<u>\$ 333,000.00</u>	<u>\$ 105,017.39</u>	<u>\$ 227,504.30</u>	<u>\$ 124,131.51</u>
	Capital Improvement Fund					\$ 63,000.00			
	Federal and State Aid Receivable					270,000.00			
	Cash Disbursements						<u>\$ 105,017.39</u>		
						<u>\$ 333,000.00</u>	<u>\$ 105,017.39</u>		

TOWNSHIP OF SOUTH HARRISON
GENERAL CAPITAL FUND
Statement of Capital Reserves
For the Year Ended December 31, 2019

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Receipts</u>	<u>Appropriated</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Reserve for:				
Parkland Trust	\$ 56,962.52			\$ 56,962.52
Farmland Preservation	197,397.61	\$ 500.00		197,897.61
Contribution - Unity Ambulance Dissolution	<u>45,681.21</u>			<u>45,681.21</u>
	<u>\$ 300,041.34</u>	<u>\$ 500.00</u>	<u>\$ -</u>	<u>\$ 300,541.34</u>

PART 2
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

TOWNSHIP OF SOUTH HARRISON
Schedule of Findings and Recommendations
For the Year Ended December 31, 2019

Schedule of Financial Statement Findings

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

None

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TOWNSHIP OF SOUTH HARRISON
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

None

TOWNSHIP OF SOUTH HARRISON
 Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Joseph Marino	Mayor	
Robert Diaz	Deputy Mayor	
John Horner	Committeeman	
Robert Schenk	Committeeman	
Mary Howard	Committeeman from April 11, 2018	
Vikki Holmstrom	Chief Financial Officer, Tax Collector	(1)
Celeste Keen	Municipal Clerk	(1)
Sandi McCafferty	Deputy Municipal clerk, Deputy Tax Collector, Deputy Registrar of Vital Statistics	(1)
Sharon Wade	Assistant to CFO, UCC Clerk	(1)
Brian N. Lozuke	Solicitor	
Steven M. Bach	Engineer	

(1) \$1,000,000.00 per loss is covered by the Gloucester County Municipal Joint Insurance Fund Excess Crime Policy, Public Employee Bond Declarations, and Excess Public Officials Bonds for all public officials.

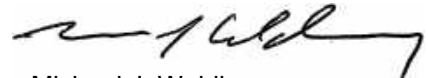
19600

APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant