

**TOWNSHIP OF WEST AMWELL
COUNTY OF HUNTERDON
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2020**

TOWNSHIP OF WEST AMWELL

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

December 31, 2020

AUDITORS' REPORTS



ARDITO & COMPANY LLC

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of West Amwell
150 Rocktown Lambertville Road
Lambertville, NJ 08530

Report on the Financial Statements

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Township of West Amwell, County of Hunterdon, State of New Jersey (the "Township"), as of December 31, 2020 and 2019, and the related comparative statements of operations and changes in fund balance-regulatory basis for the year then ended, and the related statement of revenues-regulatory basis, and statement of expenditures-regulatory basis of the various funds, and the related notes to the financial statements for the year ended December 31, 2020, which collectively comprise the Township's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

-Continued-

the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 to the financial statements, the Township prepares its financial statements in conformity with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, or the results of its operations and changes in its fund balances for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2020 and 2019, and the results of operations and changes in fund balance-regulatory basis of such funds for the year then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year then ended, in conformity with accounting principals and practices as described in Note 1 to the financial statements.

Emphasis of Matter

As described in Note 16 to the financial statements, in March 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" in response to the coronavirus outbreak, and New Jersey Governor Murphy has declared a state of emergency via Executive Order 103 on March 9, 2020 in response to the coronavirus outbreak. Given the ongoing uncertainty of the situation, the duration of any municipal operational disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Report on Supplementary Information

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

-Continued-

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

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

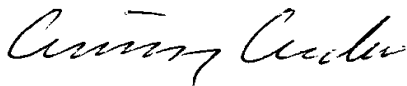
Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated May 15, 2021, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Township's internal control over financial reporting and compliance.

ARDITO & COMPANY LLC



Frenchtown, New Jersey
May 15, 2021



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & COMPANY LLC
Frenchtown, New Jersey
May 15, 2021

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/20</u>	<u>BALANCE</u> <u>12/31/19</u>
Cash and Cash Equivalents:			
Cash - Treasurer		\$ 678,596	\$ 558,049
Cash - Change Funds		<u>250</u>	<u>250</u>
Subtotal	A-4	<u>678,846</u>	<u>558,299</u>
 Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	208,782	286,602
Tax Title Liens Receivable	A-7	103,746	223,959
Property Acquired For Taxes-Assessed Valuation	A-8	3,150	3,150
Amount Due From Other Trust Fund	B	1,791	1,756
Revenue Accounts Receivable	A-9	<u>5,298</u>	<u>5,848</u>
Subtotal		<u>322,767</u>	<u>521,315</u>
 Subtotal - Current Fund		 <u>\$ 1,001,613</u>	 <u>\$ 1,079,614</u>
 Federal And State Grant Fund:			
Cash	A-4	43,860	43,164
Federal and State Grants Receivable	A-19	<u>238,512</u>	<u>238,512</u>
		<u>282,372</u>	<u>281,676</u>
 TOTAL ASSETS		 <u>\$ 1,283,985</u>	 <u>\$ 1,361,290</u>

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

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/20</u>	<u>BALANCE</u> <u>12/31/19</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:10	\$ 123,665	\$ 133,093
Encumbrances	A-11	7,991	24,542
Accounts Payable	A-12	3,102	4,494
Taxes Collected In Advance	A-13	128,810	114,615
Amount Due To State Of New Jersey For Senior Citizens And Veterans Deductions	A-15	1,840	1,840
Due County for Added Taxes	A-16	1,221	5,631
Reserve for Watershed Moritorium Offset	A-21	21,620	21,620
Sale of Municipal Assets	A-22	23,066	3,500
Subtotal		<u>311,315</u>	<u>309,335</u>
Reserve For Receivables And Other Assets	A	322,767	521,315
Fund Balance	A-1	<u>367,531</u>	<u>248,964</u>
Subtotal - Current Fund		<u>\$ 1,001,613</u>	<u>\$ 1,079,614</u>
Federal And State Grant Fund:			
Reserve For State Grants	A-20	<u>282,372</u>	<u>281,676</u>
Subtotal		<u>282,372</u>	<u>281,676</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 1,283,985</u>	<u>\$ 1,361,290</u>

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

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	YEAR <u>2020</u>	YEAR <u>2019</u>
Fund Balance Utilized	A-2	\$ 95,059	\$ 150,000
Miscellaneous Revenue Anticipated	A-2	1,991,240	1,815,980
Receipts From Delinquent Taxes	A-2	283,156	179,555
Receipts from Current Taxes	A-2	12,164,851	11,774,799
Non-Budget Revenues	A-2	33,653	15,002
Other Credits To Income:			
Unexpended Balance Of Appropriation Reserves	A-10	102,824	41,234
TOTAL INCOME		14,670,783	13,976,570

EXPENDITURES

Budget and Emergency Appropriations:

 Appropriations Within "CAP":

 Operations:

 Salaries and Wages

A-3 1,537,106 1,472,343

 Other Expenses

A-3 1,237,586 1,152,217

 Deferred Charges and Statutory Expenditures

A-3 331,048 332,571

 Appropriations Excluded from "CAP":

 Operations:

 Salaries and Wages

A-3 6,000 500

 Other Expenses

A-3 151,618 71,096

 Capital Improvements

A-3 10,000 10,000

 Municipal Debt Service

A-3 529,437 423,744

 Deferred Charges and Statutory Expenditures

A-3 - -

County Taxes

A-16 1,941,643 1,988,844

Amount Due County For Added and Omitted Taxes

A-16 1,221 5,631

Regional District School Taxes

A-17 8,385,000 8,120,865

Municipal Open Space Levy

A-18 326,423 322,928

Interfund Advances

A-4 - 350

Refund of Prior Year Revenues

A-4 75 432

TOTAL EXPENDITURES

14,457,157 13,901,521

Excess in Revenues

213,626 75,049

Statutory Excess to Fund Balance

213,626 75,049

Fund Balance January 1

A 248,964 323,915

462,590 398,964

Decreased by:

 Utilization as Anticipated Revenue

A-2 95,059 150,000

Fund Balance December 31

A **\$367,531 \$248,964**

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

	<u>REF.</u>	<u>ANTICIPATED</u> <u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>DEFICIT</u>
Anticipated Surplus - Cash Surplus	A-1	\$ 95,059		\$ 95,059	
Miscellaneous Revenues:					
LOCAL REVENUES:					
Liquor Licenses-Clerk	A-9	2,500		2,500	-
Other Fees and Permits	A-9	85,000		87,237	\$ 2,237
Fines and Costs-Municipal Court	A-9	110,000		68,872	(41,128)
Interest and Costs on Taxes	A-5	48,000		75,119	27,119
Interest on Investments	A-9	10,000		7,458	(2,542)
Total Local Revenues		255,500		241,186	(14,314)
STATE AID REVENUES:					
Consolidated Municipal Property Tax Relief Aid	A-9	177,515		177,515	-
Energy Receipts Tax	A-9	729,614		729,614	-
Watershed Moritorium Offset	A-21	21,620		21,620	-
Garden State Trust Fund	A-9	56,693		36,752	(19,941)
Total State Aid		985,442		965,501	(19,941)
Uniform Construction Code Fees	A-9	190,000	-	235,930	45,930

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

	REF.	<u>ANTICIPATED</u> <u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>DEFICIT</u>
FEDERAL AND STATE GRANT REVENUES:					
Clean Communities Grant	A-19		11,782	11,782	
DWI Pass Through - Somerset	A-19		3,080	3,080	
Drive Sober Grant	A-19		3,300	3,300	
Distracted Driver Grant	A-19		8,150	8,150	
Body Armor Grant	A-19		1,255	1,255	
Recycling Tonnage Grant	A-19		5,551	5,551	
Total Federal and State Grant Revenues			<u>33,118</u>	<u>33,118</u>	
OTHER SPECIAL ITEMS:					
South Hunterdon Regional School District - SRO Security	A-9	100,000		94,581	(5,419)
Uniform Fire Safety Act	A-9	5,000		5,700	700
Open Space Trust Fund - Debt Service	A-9	207,872		207,872	-
Reserve for Sale of Assets	A-22	3,500		3,500	-
Site Lease Agreement - Solar Installations	A-9	25,000		26,375	1,375
Open Space Trust Fund - Maintenance Contribution	A-9	31,500		31,500	-
Reserve for Debt Service - General Capital Fund	A-9	145,977		145,977	-
Total Special Items Of Revenues		<u>518,849</u>		<u>515,505</u>	<u>(3,344)</u>
Total Miscellaneous Revenue	A-1	<u>1,949,791</u>	<u>33,118</u>	<u>1,991,240</u>	<u>8,331</u>
Receipts From Delinquent Taxes	A-1	<u>230,000</u>		<u>283,156</u>	<u>53,156</u>
Amount To be Raised by Taxes For Support Of Municipal Budget:					
Local Tax For Municipal Purposes	A-2	<u>1,724,827</u>	<u>-</u>	<u>1,740,564</u>	<u>15,737</u>
Total General Revenues		<u>3,999,677</u>	<u>33,118</u>	<u>4,110,019</u>	<u>77,224</u>
Non-Budget Revenues:					
Other Non-Budget Revenues	A-1			<u>33,653</u>	<u>33,653</u>
		<u>\$ 3,999,677</u>	<u>\$ 33,118</u>	<u>\$ 4,143,672</u>	<u>\$ 110,877</u>

A-3

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 3

REF.

ANALYSIS OF REALIZED REVENUES

Allocation Of Current Tax Collections:

Revenue from Collections	A-6	\$ 12,140,518
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>24,333</u>
		12,164,851

Allocated To:

School and County Taxes	A-6	<u>10,654,287</u>
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Deficiency Supported by Municipal Revenues		1,510,564
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Add (Decreased) by Appropriation: "Reserve For Uncollected Taxes"	A-3	<u>230,000</u>
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Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 1,740,564</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 4

ANALYSIS OF NON-BUDGET REVENUES

Miscellaneous Revenue Not Anticipated:

REF.

Treasurer:

Cable TV Franchise Fee	\$ 9,241
Poll Rent	80
Vets/Sr. Cit. Fee	486
Tax Collector	80
Tax Premiums Canceled	12,600
E Amwell Admin Fee	5,000
Hunting Permits	1,000
Covid Aid	1,095
Miscellaneous Refunds	<u>4,071</u>

Miscellaneous Revenue Not Anticipated - Total

A-4

\$ 33,653

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3 Sheet 1

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>
GENERAL GOVERNMENT FUNCTIONS:				
General Administration:				
Salaries and Wages	\$ 36,700	\$ 38,200	\$ 38,112	88
Other Expenses	30,000	32,200	31,712	\$ 488
Mayor and Council:				
Salaries and Wages	16,103	16,103	16,102	1
Other Expenses	200	200	200	-
Municipal Clerk:				
Salaries and Wages	77,950	77,950	77,948	2
Other Expenses	23,500	23,500	22,394	1,106
Financial Administration (Treasury):				
Salaries and Wages	63,715	64,465	64,416	49
Other Expenses	5,000	5,000	3,964	1,036
Audit Services:				
Other Expenses	20,948	20,948	20,948	
Revenue Administration (Tax Collection):				
Salaries and Wages	19,000	19,400	19,314	86
Other Expenses	9,000	11,600	11,285	315
Tax Assessment Administration:				
Salaries and Wages	38,534	38,534	38,534	-
Other Expenses	6,500	6,500	6,466	34
Legal Services (Legal Dept.):				
Other Expenses	65,000	50,000	44,476	5,524
Prosecutor Contracted	20,000	8,000	7,000	1,000
Agricultural Adv Committee:				
Other Expenses	500	500	-	500
Engineering Services:				
Other Expenses:	10,000	10,000	5,728	4,272
Historical Sites Office:				
Other Expenses	50	50	-	50
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	16,437	16,437	16,437	-
Other Expenses	32,000	32,000	27,497	4,503
Zoning Board of Adjustment:				
Salaries and Wages	7,842	7,842	7,842	-
Other Expenses	1,500	1,500	1,500	-
Zoning Officer:				
Salaries and Wages	8,700	8,700	8,691	9
Other Expenses	750	750	750	-
INSURANCE:				
Liability Insurance	85,000	85,000	82,885	2,115
Worker Compensation Insurance	45,940	45,940	45,938	2
Employee Group Insurance	235,500	235,500	235,434	66
PUBLIC SAFETY FUNCTIONS:				
Bureau of Fire Prevention:				
Salaries and Wages	6,400	6,400	6,396	4
Other Expenses	700	700	-	700
Aid to Volunteer Fire Companies	33,100	33,100	33,100	
Contribution to First Aid Organizations	9,500	9,500	9,500	
Fire Department:				
Other Expenses:				
Fire Hydrant Services			-	
Police:				
Salaries and Wages	650,000	645,000	631,378	13,622
Other Expenses	80,000	80,000	77,930	2,070
Emergency Management:				
Other Expenses	750	1,350	932	418

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3 Sheet 2

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>
MUNICIPAL COURT:				
Salaries and Wages	89,000	89,000	83,304	5,696
Other Expenses	14,000	14,000	12,253	1,747
Prosecutor Other Expenses	-	-	-	-
PUBLIC DEFENDER:				
Other Expenses	3,000	3,000	3,000	-
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	332,995	332,995	325,160	7,835
Other Expenses	230,000	230,000	223,984	6,016
Buildings and Grounds:				
Salaries and Wages	1,700	1,700	775	925
Other Expenses	25,000	60,000	46,226	13,774
Vehicle Maintenance	50,000	50,000	46,059	3,941
NJDES Stormwater Permit	500	500	500	
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Public Health Services (Board of Health):				
Salaries and Wages	3,795	3,795	3,794	1
Other Expenses	12,000	12,000	6,480	5,520
Environmental Health Services (Commission):				
Other Expenses	650	650	-	650
Social Services Agencies:				
Other Expenses	2,500	2,500	2,500	-
Animal Control:				
Other Expenses	5,000	5,000	5,000	-
PARK AND RECREATION FUNCTIONS:				
Maintenance of Parks:				
Other Expenses	7,000	7,000	-	7,000
CONSTRUCTION OFFICIAL:				
Salaries and Wages	156,635	159,135	158,746	389
Other Expenses	10,000	10,000	8,519	1,481
UNCLASSIFIED:				
Celebration of Public Events	500	500	500	-
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	16,348	16,348	14,040	2,308
Street Lighting	4,500	4,500	3,665	835
Telephone (excluding equipment acquisition)	24,500	21,950	19,064	2,886
Water	3,800	3,800	3,601	199
Fuel Oil	10,000	10,000	8,812	1,188
Recycling Surcharge	1,000	1,000	518	482
Gasoline	43,000	31,000	27,886	3,114
SOLID WASTE COLLECTION:				
Salaries and Wages	11,450	11,450	10,830	620
Other Expenses	59,000	60,000	59,416	584
Total Operations within "CAPS"	<u>2,774,692</u>	<u>2,774,692</u>	<u>2,669,441</u>	<u>105,251</u>

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3 Sheet 3

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED RESERVED</u>
Total Operations Including Contingent	2,774,692	2,774,692	2,669,441 105,251
Detail:			
Salaries and Wages	1,536,956	1,537,106	1,507,779 29,327
Other Expenses	1,237,736	1,237,586	1,161,662 75,924
DEFERRED CHARGES AND STATUTORY EXPENDITURES within "CAPS"			
Statutory Expenditures:			
Contribution To:			
Social Security System (O.A.S.I.)	116,700	116,700	116,066 634
Statutory Expenditures:			
Contribution to PERS	71,266	71,266	71,266
Contribution to PFRS	141,582	141,582	141,582
Defined Contribution Plan	1,500	1,500	0 1,500
Total Deferred Charges and Statutory Expenditures within "CAPS"	331,048	331,048	328,914 2,134
Total Appropriations within "CAPS"	3,105,740	3,105,740	2,998,355 107,385
OPERATIONS EXCLUDED FROM "CAPS"			
Health Insurance			-
Affordable Housing (COAH-Fair Share Housing):			
Salaries and Wages	6,000	6,000	5,781 219
Other Expenses	1,500	1,500	22 1,478
	7,500	7,500	5,803 1,697
Length of Service Awards Program (LOSAP):			
Other Expenses	15,000	15,000	12,000 3000
Interlocal Services:			
S. Hunterdon SD - Spec Police Off Security	100,000	100,000	88,451 11,549
Tax Collector - East Amwell Township	2,000	2,000	1,966 34
	102,000	102,000	90,417 11,583
Public and Private Programs Offset by Revenues:			
Clean Communities Program:			
Other Expenses		11,782	11,782
Drunk Driving Enforcement Fund		-	0
DWI Pass Through - Somerset		3,080	3,080
Drive Sober Grant		3,300	3,300
Police Click it or Ticket		-	0
Distracted Driver Grant		8,150	8,150
Alcohol Ed Rehab Fund		-	0
Body Armor: other expenses		1,255	1,255
Recycling Tonnage: other expenses		5,551	5,551
Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"	-	33,118	33,118 -
Capital Improvements-Excluded from "CAPS":			
Capital Improvement Fund	10,000	10,000	10,000
Total Capital Improvements-Excluded from "CAPS"	10,000	10,000	10,000

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3 Sheet 4

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Municipal Debt Service Excluded from "CAPS":				
Payment of Bonds	380,000	380,000	380,000	
Interest on Bonds	118,345	118,345	118,345	
Payment of Interest on Notes	-	-	-	
Green Trust Loan Program	31,092	31,092	31,092	
Total Municipl Debt Service	<u>529,437</u>	<u>529,437</u>	<u>529,437</u>	<u>-</u>
Total Appropriations Excluded from "CAPS"	<u>663,937</u>	<u>697,055</u>	<u>680,775</u>	<u>16,280</u>
Detail:				
Salaries and Wages	6,000	6,000	5,781	219
Other Expenses	657,937	691,055	674,994	16,061
Subtotal General Appropriations	<u>3,769,677</u>	<u>3,802,795</u>	<u>3,679,130</u>	<u>123,665</u>
Reserve For Uncollected Taxes	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	
TOTALS	<u>\$ 3,999,677</u>	<u>\$ 4,032,795</u>	<u>\$ 3,909,130</u>	<u>\$ 123,665</u>
				A

Original Budget	A-2	\$ 3,999,677
Appropriation 40A:4-87	A-2	<u>33,118</u>
		<u><u>\$ 4,032,795</u></u>

Reserve for State Grants	A-20	\$ 33,118
Reserve for Encumbrances	A-11	3,646,012
Reserve for Uncollected Taxes	A-2	<u>230,000</u>
		<u><u>\$ 3,909,130</u></u>

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

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	REF.	BALANCE 12/31/20	BALANCE 12/31/19
Dog License Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	B-2	\$ 4,461	\$ 2,373
Total Dog License Fund		<u>\$ 4,461</u>	<u>\$ 2,373</u>
Other Trust Funds:			
Cash and Cash Equivalents:			
Cash - Treasurer	B-2	\$ 243,631	\$ 287,631
Total Other Trust Funds		<u>\$ 243,631</u>	<u>\$ 287,631</u>
Municipal Open Space Funds:			
Cash and Cash Equivalents:			
Cash - Treasurer	B-2	\$ 145,325	\$ 60,564
Total Municipal Open Space Funds		<u>\$ 145,325</u>	<u>\$ 60,564</u>
TOTAL ASSETS		<u>\$ 393,417</u>	<u>\$ 350,568</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 4,461	\$ 2,373
Due State of New Jersey	B-4	-	-
Total Dog License Fund		<u>\$ 4,461</u>	<u>\$ 2,373</u>
Other Trust Fund:			
Amount Due Current Fund	B-6	\$ 1,791	\$ 1,756
Reserve for Developer's Escrow	B-7	54,119	54,188
Reserve for POAA Trust	B-8	46	44
Reserve for Historical Preservation Trust	B-9	2,766	2,686
Reserve for Housing Trust	B-10	1,119	1,242
Reserve for COAH Escrow Trust	B-11	93,774	152,561
Reserve for CDBG Rehabilitation Trust	B-12	43,485	24,279
Reserve for Off Duty Police Trust	B-13	10,605	1,810
Reserve for Celebration of Public Events Trust	B-14	4,165	3,735
Reserve for Fire Penalties Trust	B-15	2,000	2,000
Reserve for Public Defender Trust	B-16	1,170	1,445
Reserve for Tax Sale Premiums	B-17	500	13,100
Reserve for SUI Trust	B-18	20,835	21,534
Reserve for DARE Contributions	B-19	6,165	6,165
Reserve for Local Assistance	B-20	1,091	1,086
Total Other Trust Fund		<u>\$ 243,631</u>	<u>\$ 287,631</u>
Municipal Open Space Trust Fund:			
Reserve for Municipal Open Space Trust Deposits	B-21	\$ 145,325	\$ 60,564
Total Municipal Open Space Trust Fund		<u>\$ 145,325</u>	<u>\$ 60,564</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 393,417</u>	<u>\$ 350,568</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	REF.	BALANCE <u>12/31/20</u>	BALANCE <u>12/31/19</u>
Cash and Cash Equivalents:			
Cash - Treasurer	C-2	\$ 542,605	\$ 895,406
Deferred Charges to Future Taxation:			
Funded	C-3	3,120,392	3,530,720
Unfunded	C-4	<u>225,500</u>	<u>190,000</u>
TOTAL ASSETS		<u>\$ 3,888,497</u>	<u>\$ 4,616,126</u>

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	C-6	\$ 38,313	\$ 36,113
Improvement Authorizations:			
Funded	C-7	501,157	491,510
Unfunded	C-7	96,789	190,000
Accounts Payable	C-7	11,006	50,966
New Jersey Green Trust Loan	C-8	15,392	45,720
Serial Bonds Payable	C-9	3,105,000	3,485,000
Reserve for Payment of Debt Service	C-10	9,483	155,460
Reserve for Preliminary Expenses - Open Space Acquisition	C-11	7,352	7,352
Reserve for Municipal Building Improvements	C-12	-	50,000
Fund Balance	C-1	<u>104,005</u>	<u>104,005</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,888,497</u>	<u>\$ 4,616,126</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2019	C	\$ 104,005
Balance December 31, 2020	C	<u>\$ 104,005</u>

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

STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2020

F

	<u>BALANCE</u> <u>12/31/20</u>	<u>BALANCE</u> <u>12/31/19</u>
General Fixed Assets:		
Land	\$ 2,240,713	\$ 2,240,713
Buildings	1,696,957	1,696,957
Machinery and Equipment	<u>3,792,272</u>	<u>3,583,070</u>
Total General Fixed Assets	<u>\$ 7,729,942</u>	<u>\$ 7,520,740</u>
Investment In General Fixed Assets		
	<u>\$ 7,729,942</u>	<u>\$ 7,520,740</u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

	BALANCE <u>12/31/20</u>	BALANCE <u>12/31/19</u>
ASSETS		
Assets:		
Cash	\$ 7,377	\$ 11,274
TOTAL ASSETS	<u>\$ 7,377</u>	<u>\$ 11,274</u>
LIABILITIES AND RESERVES		
Payroll Deductions	\$ 7,377	\$ 11,274
Due Current Fund	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 7,377</u>	<u>\$ 11,274</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

Current Fund

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

Trust Funds

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

General Capital Fund

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

Public Assistance Fund

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

General Fixed Assets Account Group

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

C. Basis of Accounting

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

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

Revenues--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

General Fixed Assets--In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

General Capital Fund
Public Assistance Fund
Trust Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 2: CASH AND CASH EQUIVALENTS (Continued)

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2020, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

As of December 31, 2020, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash Equivalents	<u>Total</u>
Checking	<u>\$ 1,666,105</u> <u>\$ 1,666,105</u>	<u>\$ 1,666,105</u> <u>\$ 1,666,105</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2020, was \$1,666,105 and the bank balance was \$1,794,202. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$251,119 was covered by federal depository insurances and \$1,543,083 was covered by collateral pool.

Investments

Pursuant to the Enabling Act, the funds of the municipality may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the municipality may approve.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 2: CASH AND CASH EQUIVALENTS (Continued)

In order to maximize liquidity, the municipality utilizes the New Jersey Cash Management Fund ("NJCMF") and investments in direct obligations of the United States of America as its sole investments. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2020, the municipality's investment balance was as follows:

New Jersey Cash Management Fund	<u>None</u>
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Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The municipality does not have a policy for custodial credit risk.

Credit Risk: The municipality does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The municipality does not have a policy to limit interest rate risk. The average maturity of the municipality's investments is less than one year.

Note 3: LONG-TERM DEBT

	Beginning Balance	Issued	Paid	Ending Balance
Long Term Debt:				
Bonds Payable	\$3,485,000	\$ -	\$ 380,000	\$ 3,105,000
Loans Payable	45,720		30,328	15,392
Total Long-Term Debt	<u>\$3,530,720</u>	<u>-</u>	<u>\$ 410,328</u>	<u>\$ 3,120,392</u>

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3: LONG-TERM DEBT (Continued)

The Township debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2020</u>	YEAR <u>2019</u>	YEAR <u>2018</u>
Issued:			
Bonds and Notes	\$ 3,105,000	\$ 3,485,000	\$ 3,740,000
Green Trust Loan Payable	<u>15,392</u>	<u>45,720</u>	<u>75,450</u>
Total Issued	3,120,392	3,530,720	3,815,450
<u>Authorized But Not Issued</u>			
Bonds and Notes	225,500	190,000	301,922
Deductions	<u>-</u>	<u>-</u>	<u>(189,596)</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,345,892</u>	<u>\$ 3,720,720</u>	<u>\$ 3,927,776</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.637%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School Debt	\$ 3,199,718	\$ 3,199,718	
General Debt	<u>3,345,892</u>	<u>-</u>	<u>\$ 3,345,892</u>
	<u>\$ 6,545,610</u>	<u>\$ 3,199,718</u>	<u>\$ 3,345,892</u>

Net Debt \$3,345,892 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2
as amended, \$ 525,217,888 equals 0.637%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 18,382,626
Net Debt	<u>3,345,892</u>
Remaining Borrowing Power	<u>\$ 15,036,734</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3: LONG-TERM DEBT (Continued)

General Obligation Bonds

Refunding bonds-dated November 6, 2014, issued in the original amount of \$1,555,000 with an interest rate of 2.6% to partially advance refund series 2006 bonds in the amount of \$1,818,000. The net proceeds, along with a \$400,000 township contribution from open space reserves, was used to partially call the outstanding series 2006 bonds on May 1, 2016. This refunding bond is payable in annual installments ranging from \$150,000 to \$170,000 through May 1, 2026. Interest is calculated at 2.6% and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2020, was \$955,000. Outstanding bond principal and interest is paid from the Current Fund of the Township.

Refunding bonds-dated November 6, 2014, issued in the original amount of \$650,000 with an interest rate of 3.65% were used to refund the West Amwell Township local school district deferred tax levy and pay costs related to the issuance of the bonds. These refunding bonds were sold as a private placement bond to TD Bank, N.A., and is payable in annual installments ranging from \$65,000 to \$85,000 through November 1, 2024. Interest is calculated at 3.65% and is paid in semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2020, was \$315,000. Outstanding bond principal and interest is paid from the Current Fund of the Township.

Refunding Bonds-dated June 28, 2016, issued in the original amount of \$340,000 with an interest rate of 3.65%. The net proceeds were used to restore fund balance related to the refund the West Amwell Township local school district deferred tax levy in 2014. This refunding bond was sold as a private placement bond to TD Bank, N.A., and is payable in annual installments ranging from \$35,000 to \$50,000 through November 1, 2024. Interest is calculated at 3.65% and is paid in semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2020, was \$185,000. Outstanding bond principal and interest is paid from the Current Fund of the Township.

General Obligation Bonds-dated June 18, 2019, issued in the original amount of \$1,770,000 with an interest rate of 2.6% to refund bond anticipation notes due June 20, 2019 in the amount of \$1,569,994 and to provide funding for prior year's debt authorized for real property. This bond is payable in annual installments ranging from \$120,000 to \$240,000 through June 15, 2029. Interest ranges from 5.0% to 3.0% and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2020, was \$1,650,000. Outstanding bond principal and interest is paid from the Current Fund of the Township.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3: LONG-TERM DEBT (Continued)

Green Trust Loan

Sourlands-dated June 22, 2001 issued in the original amount of \$500,000. This loan is payable over twenty years in semi-annual installments of \$15,586 through March 25, 2021. Interest is calculated at 2.0%. This method of calculating interest is in conformance with New Jersey Statutes. The remaining balance as of December 31, 2020, was \$15,392. Outstanding loan principal and interest is paid from the Current Fund budget of the Township.

	<u>Outstanding</u>
Total General Capital Long-Term Debt Above	<u>\$ 3,120,392</u>

Note 4: GENERAL FIXED ASSETS

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

	Balance <u>1/1/20</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>12/31/20</u>
Land	\$2,240,713	-	-	\$ 2,240,713
Buildings	1,696,957	-	-	1,696,957
Equipment	<u>3,583,070</u>	<u>\$ 209,202</u>	<u>-</u>	<u>3,792,272</u>
	<u>\$7,520,740</u>	<u>\$ 209,202</u>	<u>-</u>	<u>\$ 7,729,942</u>

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2020, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021, were as follows:

Current Fund (Introduced) - \$175,000

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

There are no deferred charges to be raised in budgets of succeeding years.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 7: SCHOOL TAXES

Regional School District Tax has been raised on a calendar year basis and is paid in full to the district by December 31. The Local School District was merged with the Regional School District effective for the 2014-2015 school year. All previously deferred school taxes were paid to the Local School District during 2014 and was funded by refunding bonds.

Note 8: PENSION PLANS

Description of Plans - All required employees of the municipality are covered by either the Public Employees' Retirement System (PERS), the Police and Fireman's Retirement System (PFRS), or the Defined Contribution Retirement Plan (DCRP) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

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

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

The following represents the membership tiers for PERS:

Tier Definition

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS - (Continued)

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

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

Contribution Requirements - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS - (Continued)

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

At June 30, 2020, the municipality disclosed a liability of \$1,249,172 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This is a departure from generally accepted accounting principles, as the measurement date is to be no more than twelve months before the municipality's fiscal year end of December 31, 2020. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the municipality's proportion was 0.00693% which was an increase of 0.00053% from its proportion measured as of June 30, 2018.

For the State fiscal year ended June 30, 2019, the municipality's portion of the plan's pension expense was \$116,326. At June 30, 2019, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,421	\$ 5,518
Changes of assumptions	124,734	433,584
Net difference between projected and actual earnings on pension plan investments	-	19,719
Changes in proportion and differences between municipality contributions and proportionate share of contributions	196,233	45,017
Total	<u>\$ 343,388</u>	<u>\$ 503,838</u>

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

	<u>Year Ended June 30:</u>
2020	(\$18,570)
2021	(60,239)
2022	(53,790)
2023	(25,257)
2024	<u>(2,593)</u>
Total	<u>(\$160,450)</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS - (Continued)

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$4,684,852,302	\$3,149,522,616
Collective deferred inflows of resources	7,646,736,226	7,645,087,574
Collective net pension liability (Non State - Local Group)	\$19,689,501,539	\$18,018,482,972
municipality's proportionate share of net pension liability	\$1,259,726	\$1,249,172
municipality's proportion %	0.00639796%	0.00693273%

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

Inflation:	2.75% Price, 3.25% Wage
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 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%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
Public 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%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% 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 made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate - The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2019, calculated using the discount rate of 6.28%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(5.28%)</u>	<u>Discount</u>	<u>(7.28%)</u>
		<u>Rate (6.28%)</u>	
municipality's proportionate share of the net pension liability	\$ 1,577,907	\$1,249,172	\$ 972,166

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of January 1, 1944, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Police and Fireman's Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions -The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten 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, as defined, 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.

Contribution Requirements - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2019 the State contributed an amount less than the actuarially determined amount.

The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

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

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

At June 30, 2020, the municipality disclosed a liability of \$1,674,483 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This is a departure from generally accepted accounting principles, as the measurement date is to be no more than twelve months before the municipality's fiscal year end of December 31, 2020. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the municipality's proportion was 0.01368% which was a decrease of 0.00119% from its proportion measured as of June 30, 2018.

For the State fiscal year ended June 30, 2020, the municipality's portion of the plan's pension expense was \$260,688. At June 30, 2019, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,135	\$ 10,601
Changes of assumptions	57,377	541,178
Net difference between projected and actual earnings on pension plan investments	-	\$ 22,689
Changes in proportion and differences between municipality contributions and proportionate share of contributions	57,861	189,679
Total	<u>\$ 129,373</u>	<u>\$ 764,147</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

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

	<u>Year Ended June 30:</u>	
	2020	\$110,793
	2021	232,573
	2022	164,710
	2023	81,191
	2024	<u>45,507</u>
	Total	<u>\$634,774</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources (Non-Special Funding Situations)	\$1,988,215,695	\$1,198,936,924
Collective deferred inflows of resources (Non-Special Funding Situations)	4,286,994,294	4,874,748,912
Collective net pension liability (Non-Special Funding Situations)	\$15,369,699,278	\$14,170,193,618
Municipality's proportionate share of net pension liability (Non-Special Funding Situations)	\$2,012,016	\$1,674,483
Municipality's proportion %	0.01486896%	0.01368286%

Actuarial assumptions - The total pension liability in the July 1, 2018 actuarial valuation, which was rolled forward to June 30, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75% (Price); 3.25% (Wage)
<u>Salary Increases:</u>	
Through all future years	3.25-15.25% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 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 General Below-Median Income Healthy Retiree 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. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-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.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 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%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
Public 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%

Discount rate - The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% 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 made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate - The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 6.85%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	<u>1% Decrease</u> <u>(5.85%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (6.85%)</u>	<u>1% Increase</u> <u>(7.85%)</u>
Municipality's proportionate share of the net pension liability	\$ 2,263,291	\$1,674,483	\$ 1,187,160

PFRS Special Funding Situation - Under N.J.S.A. 43:16A-15, the municipality is 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 municipality to the PFRS 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. The portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability and collective pension expense that is associated with the municipality is as follows:

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective net pension liability of the Nonemployer (State of New Jersey) - Special Funding Situation	\$1,838,050,687	\$1,932,374,825
State's portion of the net pension liability that was associated with the municipality - Special Funding Situation	\$273,299	\$264,404
State's portion of the net pension liability that was associated with the municipality as a percentage of the collective net pension liability - Special Funding Situation	0.014869%	1.368286%
Collective pension expense of the Nonemployer-(State of New Jersey) - Special Funding Situation	\$217,714,180	\$224,526,138
State's portion of the pension expense that was associated with the municipality - Special Funding Situation	\$32,372	\$30,722

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

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

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

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSIONS - (Continued)

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2020	\$71,266	100%	-0-
2019	\$67,352	100%	-0-
2018	\$64,788	100%	-0-

<u>Three-Year Trend Information for PFRS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2020	\$141,582	100%	-0-
2019	\$148,719	100%	-0-
2018	\$136,298	100%	-0-

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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

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

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

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, the total OPEB liabilities for the years ended June 30, 2019 and 2018 were \$5,525,718,739 and \$6,338,578,586, respectively, while for the nonspecial funding situation, the total OPEB liabilities were \$8,020,352,361 and \$9,452,773,649, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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

At June 30, 2020, the municipality disclosed a liability of \$1,816,935 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability 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. This is a departure from generally accepted accounting principles, as the measurement date is to be no more than twelve months before the municipality's fiscal year end of December 31, 2020. The municipality's proportion of the net OPEB liability is based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. At June 30, 2019, the municipality's proportion was 0.01341% which was an increase of 0.00183% from its proportion measured as of June 30, 2018.

For the State fiscal year ended June 30, 2019, the municipality's portion of the plan's OPEB expense was \$7,305. At June 30, 2019, deferred outflows of resources and deferred inflows of resources for OPEB relating to the municipality's proportionate share are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 531,342
Changes of assumptions		643,881
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,497	-
Changes in proportion and differences between municipality contributions and proportionate share of contributions	553,333	293,381
Total	<u>\$ 554,830</u>	<u>\$ 1,468,604</u>

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

	<u>Year Ended June 30:</u>
2020	(\$148,824)
2021	(\$148,824)
2022	(\$148,916)
2023	(\$149,063)
2024	(\$149,198)
Thereafter	(\$168,948)
Total	<u>(\$913,774)</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources - Non Special Funding	\$1,943,490,463	\$2,410,248,763
Collective deferred inflows of resources - Non Special Funding	5,841,224,248	7,456,321,741
Collective net OPEB liability - Non Special Funding	\$9,452,773,141	\$8,020,352,361
Municipality's proportionate share of net OPEB liability	\$1,815,291	\$1,816,935
Municipality's proportion %	0.011587%	0.013413%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Employees covered by benefit terms. *At June 30, 2019, the following employees were covered by the benefit terms:*

	<u>Non Special Funding Situation</u>
Collective Plan Members June 30, 2019	66,213
Collective Plan Members June 30, 2018	62,487
Municipality's Plan Members June 30, 2019	15
Municipality's Plan Members June 30, 2018	12

Actuarial assumptions - The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of July 1, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2026	2.0%-6.0% based on age and plan enrolled in
Therafter	3.0%-7.0% based on age and plan enrolled in

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

Certain actuarial assumptions used in the July 1, 2018 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Discount Rate - The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Municipality's proportionate share of the net OPEB liability to changes in the discount rate - The following presents the Municipality's proportionate share of the net OPEB liability measured as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2019			
	<u>1% Decrease</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$2,100,839	\$1,816,935	\$ 1,586,225
June 30, 2018			
	<u>1% Decrease</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$2,129,816	\$1,815,291	\$ 1,564,056

Sensitivity of the Municipality's proportionate share of the net OPEB liability to changes in the Health Care trend rate - The following presents the Municipality's proportionate share of the net OPEB liability measured as of June 30, 2019, calculated using the health care trend rate as disclosed above, as well as what the Municipality's proportionate share of the net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2019			
	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$1,533,269	\$1,816,935	\$ 2,178,798
June 30, 2018			
	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$1,514,244	\$1,815,291	\$ 2,204,891

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Special Funding Situation - 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 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

	Special Funding Situation
Collective Plan Members June 30, 2019	29,812
Municipality's Plan Members June 30, 2019	8

Total OPEB Liability

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Collective net OPEB liability of the State of New Jersey - Special Funding Situation	\$6,213,844,492	\$5,525,718,739
Net OPEB liability of the State of New Jersey Associated with the Municipality	\$1,749,384	\$1,482,827

Actuarial assumptions - The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of July 1, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2026	2.0%-6.0% based on age and plan enrolled in
Therafter	3.0%-7.0% based on age and plan enrolled in

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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

Certain actuarial assumptions used in the July 1, 2018 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

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.

Discount Rate - The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2018 - Special Funding Situation	\$6,213,844,492
<u>Changes for the year:</u>	
Service Cost	666,574,660
Interest	636,082,461
Expected Investment Return	(11,286,267)
Administrative Expense	9,478,435
Changes in assumptions or other inputs	(1,988,975,042)
Net changes	<u>(688,125,753)</u>
The State's Total OPEB Liability Balance at 6/30/2019 - Special Funding Situation	<u>\$5,525,718,739</u>
The State's total OPEB liability associated with the Municipality	\$1,482,827

There were no changes of benefit terms.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

Sensitivity of the State of New Jersey's net OPEB liability to changes in the discount rate - The following presents the State of New Jersey's net OPEB liability measured as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the State of New Jersey's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2019			
	<u>1% Decrease</u>	<u>Current</u> <u>Discount</u>	<u>1% Increase</u>
	<u>(2.50%)</u>	<u>Rate (3.50%)</u>	<u>(4.50%)</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$6,389,136,534	\$5,525,718,739	\$ 4,824,077,660

June 30, 2018			
	<u>1% Decrease</u>	<u>Current</u> <u>Discount</u>	<u>1% Increase</u>
	<u>(2.87%)</u>	<u>Rate (3.87%)</u>	<u>(4.87%)</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$7,290,482,436	\$6,213,844,492	\$ 5,353,854,442

Sensitivity of the State of New Jersey's net OPEB liability to changes in the Health Care trend rate - The following presents the State of New Jersey's net OPEB liability measured as of June 30, 2020, calculated using the health care trend rate as disclosed above, as well as what the State of New Jersey's net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2019			
	<u>1% Decrease</u>	<u>Current</u> <u>Health Care</u> <u>Cost Trend</u>	<u>1% Increase</u>
		<u>Rate</u>	
The State of New Jersey's net OPEB liability - Special Funding Situation	\$4,663,025,648	\$5,525,718,739	\$ 6,626,229,005

June 30, 2018			
	<u>1% Decrease</u>	<u>Current</u> <u>Health Care</u> <u>Cost Trend</u>	<u>1% Increase</u>
		<u>Rate</u>	
The State of New Jersey's net OPEB liability - Special Funding Situation	\$5,183,342,608	\$6,213,844,492	\$ 7,547,467,054

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the State of New Jersey's OPEB expense was \$73,244,790 and the amount of OPEB Expense associated with the municipality was \$19,655.

Note 10: LEASES

The Township has not entered into any long-term lease agreements except for equipment which can be capitalized as installment purchases of fixed assets in accordance with Technical Accounting Directive No. 85-2.

Note 11: ACCRUED SICK AND VACATION BENEFITS

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

The Township permits full-time employees to annually accrue unused vacation and sick pay, which can be taken as time off at a later date. Contractual agreements for police are also included.

In accordance with New Jersey principles, the amount is not reported as an expenditure or liability in the financial statements.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The township estimates that any potential settlements arising from potential litigation would not materially affect the financial statements of the township.

Note 13: OTHER REQUIRED DISCLOSURES

Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2020 which relates to interest earned in the trust fund and due to the current fund:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 1,791	
Federal/State Grants Fund	-	
Other Trust Funds		\$ 1,791
General Capital Fund	<u>-</u>	<u>-</u>
	<u>\$ 1,791</u>	<u>\$ 1,791</u>

Note 14: RISK FINANCING

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 15: TAX ABATEMENTS

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

Note 16: SUBSEQUENT EVENTS

The municipality's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020 and continues subsequent to December 31, 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the municipality's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the municipality's tax base revenue, absenteeism in the municipality's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the municipality.

PART II
SUPPLEMENTARY INFORMATION

CURRENT FUND SCHEDULES

CURRENT FUND
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>Current Fund</u>		<u>Federal and State</u> <u>Grant Fund</u>
Balance December 31, 2019	A	\$ 558,299		\$ 43,164
Increased by Receipts:				
Collector	A-5	\$ 12,516,247		
Miscellaneous Revenue Not Anticipated	A-2	33,653		
Revenue Accounts Receivable	A-9	1,857,883		
Receipts of State License Fees	A-12	13,833		
Amount Due State of New Jersey for Senior Citizens/Veterans Deductions	A-15	24,333		
Watershed Offset Aid	A-21	21,620		
Sale of Municipal Assets	A-22	23,066		
State Grant Funds	A-19	<u>-</u>	<u>14,490,635</u>	<u>\$ 33,118</u>
		15,048,934		<u>33,118</u>
				<u>76,282</u>
Decreased by Disbursements:				
Refund Prior Year Revenues	A-1	75		
2019 Appropriation Reserves	A-10	30,269		
Reserve for Encumbrances	A-11	3,662,563		
Disbursements of State License Fees	A-12	15,225		
Tax Overpayments and Lien Redemptions	A-14	3,259		
County Taxes	A-16	1,947,274		
Regional District School Tax	A-17	8,385,000		
Open Space Trust	A-18	326,423		
State Grant Funds	A-20	<u>-</u>	<u>14,370,088</u>	<u>32,422</u>
				<u>32,422</u>
Balance December 31, 2020	A	<u>\$ 678,846</u>		<u>\$ 43,860</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$	75,119	
Taxes Receivable	A-6		12,309,059	
2021 Prepaid Taxes	A-13		128,810	
Taxes Overpaid	A-14		1,375	
Third Party Liens Redeemed	A-14		<u>1,884</u>	\$ <u>12,516,247</u>

Decreased by Disbursements:

Payments to Treasurer	A-4			\$ <u>12,516,247</u>
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CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

<u>YEAR</u>	<u>BALANCE</u>	<u>2020</u>	<u>CASH COLLECTIONS</u>		<u>TRANSFERRED</u>		<u>BALANCE</u>
	<u>12/31/19</u>	<u>LEVY</u>	<u>2019</u>	<u>2020</u>	<u>TO TAX</u>	<u>CANCELLED</u>	<u>12/31/20</u>
					<u>TITLE LIENS</u>		
2019	\$ 286,602			\$ 283,156		\$ 3,446	-
	286,602			283,156	-	3,446	-
2020		\$ 12,390,036	\$ 114,615	12,050,236	\$ 15,225	\$ 1,178	\$ 208,782
TOTALS	\$ 286,602	\$ 12,390,036	\$ 114,615	\$ 12,333,392	\$ 15,225	\$ 4,624	\$ 208,782

REF.	A		A-13		A-7	A
		<u>REF.</u>				
State of New Jersey --Senior Citizens and Veterans Deductions Received by Collector		A-2 A-5		\$ 24,333 12,309,059 <u>\$ 12,333,392</u>		

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax		\$ 12,056,053	
Levy Special District Taxes (Municipal Open Space)		326,218	
Added/Omitted Taxes (54:4-63.1 et.seq.)		<u>7,765</u>	<u>\$ 12,390,036</u>

Tax Levy:

Regional School Tax	A-17		8,385,000	
Municipal Open Space	A-18		326,423	
County Taxes:				
County Tax (Abstract)		\$ 1,626,573		
County Library Tax (Abstract)		159,727		
County Open Space Tax		155,343		
Due County for Added and Omitted Taxes (54.4-63.1,et.seq.)	A-16	<u>1,221</u>	1,942,864	
Local Tax for Municipal	A-2		1,724,827	
Add: Additional Tax Levied			<u>10,922</u>	<u>\$ 12,390,036</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 223,959
Increased by:		
Transfers from Taxes Receivable	A-6	<u>15,225</u> 239,184
Decreased by:		
Canceled	A	<u>135,438</u>
Balance December 31, 2020	A	<u>\$ 103,746</u>

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

A-8

	<u>REF.</u>	
Balance December 31, 2019	A	<u>\$ 3,150</u>
Balance December 31, 2020	A	<u>\$ 3,150</u>

,

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>ACCRUED</u> <u>IN 2020</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/20</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	\$	2,500	\$	2,500
Fees and Permits	A-2		87,237		87,237
Fines and Costs-Municipal Court	A-2	\$ 5,848	68,322	68,872	\$ 5,298
Interest on Investments and Deposits	A-2		7,458		7,458
Consolidated Municipal Property Tax Relief Aid	A-2		177,515		177,515
Energy Receipts Tax	A-2		729,614		729,614
Garden State Trust	A-2		36,752		36,752
Uniform Construction Code Fees	A-2		235,930		235,930
South Hunterdon Regional School District - SRO Security	A-2		94,581		94,581
Fire Safety Fees	A-2		5,700		5,700
Open Space Trust Fund	A-2		207,872		207,872
Site Lease Agreement - Solar Installations	A-2		26,375		26,375
Open Space Trust Fund - Maintenance Contribution	A-2		31,500		31,500
Reserve for Debt Service - General Capital Fund	A-2		145,977		145,977
Totals		<u>\$ 5,848</u>	<u>\$ 1,857,333</u>	<u>\$ 1,857,883</u>	<u>\$ 5,298</u>
		A		A-4	A

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2019

A-10

	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
General Administration:				
Other Expenses	\$ 3,440	\$ 3,440	\$ 1,897	1,543
Municipal Clerk:				
Other Expenses	3,509	3,509	478	\$ 3,031
Revenue Administration:				
Other Expenses	1,849	1,849	393	1,456
Legal Services				
Other Expenses	730	730	730	-
Public Defender:				
Other Expenses	500	500	400	100
Police Department:				
Other Expenses	7,246	7,246	6,139	1,107
Solid Waste:				
Other Expenses	10,331	10,331	10,331	-
Streets & Roads:				
Other Expenses	787	787	787	-
Vehicle Maintenance	1,261	1,261	1,140	121
Municipal Court:				
Other Expenses	1,163	1,163	328	835
Prosecutor	7,912	7,912	6,000	1,912
Public Health:				
Other Expenses	3,500	3,500	500	3,000
Telephone	589	589	589	-
Water	453	453	327	126
Fuel Oil	52	52	52	-
Recycling Surcharge	461	461	178	283
Other Accounts - No Change	89,310	89,310		89,310
TOTALS	\$ 133,093	\$ 133,093	\$ 30,269	\$ 102,824
REF.	A	A	A-4	A-1

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-11

	<u>REF.</u>		
Balance December 31, 2019	A	\$	24,542
Increased by:			
Transfer from Current Year Appropriations	A-3	\$	3,646,012
Additional/Canceled Encumbrance Appropriations-Non-Budget		_____ -	_____ 3,646,012
			3,670,554
Decreased by:			
Encumbrances Paid	A-4		_____ 3,662,563
Balance December 31, 2020	A	\$	_____ 7,991

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

A-12

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 4,494
Increased by:		
Purchase Orders	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">13,833</div> </div>
		18,327
Decreased by:		
Payment	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">15,225</div> </div>
Balance December 31, 2020	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">\$ 3,102</div> </div>
State of New Jersey Marriage Licenses		\$ 50
State of New Jersey UCC Fees		3,052
County Health Inspections		<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">-</div> </div>
		<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">\$ 3,102</div> </div>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-13

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 114,615
Increased by:		
2021 Taxes Collected in Advance	A-5	<u>128,810</u> 243,425
Decreased by:		
Applied to 2020 Taxes Receivable	A-6	<u>114,615</u>
Balance December 31, 2020	A	<u>\$ 128,810</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-14

REF.

Increased by:

Taxes Overpaid	A-5	\$	1,375	
Third Party Outside Liens Received by Collector	A-5		<u>1,884</u>	<u>\$ 3,259</u>
				3,259

Decreased by:

Refunds	A-4			<u>\$ 3,259</u>
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CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-15

	<u>REF.</u>	
Balance December 31, 2019	A	\$ (1,840)
Increased by:		
Senior Citizens Deductions per Tax Billings	A-6	\$ 1,750
Veterans Deductions per Tax Billings	A-6	<u>22,583</u> <u>\$ 24,333</u>
		22,493
Decreased by:		
Received In Cash From State	A-4	<u>24,333</u>
Balance December 31, 2020	A	<u>\$ (1,840)</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-16

	<u>REF.</u>		
Balance December 31, 2019	A	\$	5,631
Increased by:			
2020 Levy:			
County Taxes	A-1:6	\$	1,626,573
County Library Taxes	A-1:6		159,727
County Open Space Tax	A-1:6		155,343
Added and Omitted Taxes	A-1:6		<u>1,221</u>
			<u>1,942,864</u>
			1,948,495
Decreased by:			
Payments	A-4		<u>1,947,274</u>
Balance December 31, 2020	A	\$	<u>1,221</u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-17

	<u>REF.</u>	
Balance December 31, 2019:		
School Tax Payable	A	<u>None</u>
Increased by:		
Levy - Calendar Year 2020	A-6	\$ 8,385,000
Decreased by:		
Payments	A-4	<u>\$ 8,385,000</u>
Balance December 31, 2020:		
School Tax Payable	A	<u>None</u>
2020 Liability for Local District School Tax:		
Tax Paid		\$ 8,385,000
Tax Payable 12/31/20		<u>None</u>
		8,385,000
Less -- Deferred School Tax	A-4	<u>None</u>
Less -- Tax Payable 12/31/19		<u>None</u>
Amount Charged to 2020 Operations	A-1	<u>\$ 8,385,000</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-18

REF.

Increased by:

Levy 2020	A-6	\$ 326,218	
Added Levy 2020	A-6	<u>205</u>	<u>\$ 326,423</u>
			326,423

Decreased by:

Transfer to Trust Fund	A-4		<u>\$ 326,423</u>
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CURRENT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/20</u>
Clean Communities Grant CY 2020		\$ 11,782	\$ 11,782	
DWI Pass Through - Somerset		3,080	3,080	
Drive Sober Grant		3,300	3,300	
Distracted Driver Grant		8,150	8,150	
NJ Body Armor		1,255	1,255	
Recycling Tonnage Grant		5,551	5,551	
NJDEP - Alexauken Creek Watershed Plan	\$ 234,500			\$ 234,500
NJDEP - Alexauken Creek Plan I	<u>4,012</u>	<u>-</u>	<u>-</u>	<u>4,012</u>
	<u>\$ 238,512</u>	<u>\$ 33,118</u>	<u>\$ 33,118</u>	<u>\$ 238,512</u>
	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS

A-20

	BALANCE <u>12/31/19</u>	TRANSFER FROM 2020 BUDGET <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	BALANCE <u>12/31/20</u>
Clean Communities Grant	-	\$ 11,782	\$ 11,782	-
Drunk Driving Enforcement Fund	\$ 12,933		559	\$ 12,374
DWI Pass Through - Somerset	-	3,080	3,080	-
Drive Sober Grant	-	3,300	3,300	-
Police Click it or Ticket	-			-
Distracted Driver Grant	-	8,150	8,150	-
Alcohol Rehabilitation	668			668
NJ Body Armor Grant	1,046	1,255		2,301
Recycling Tonnage	-	5,551	5,551	-
NJDEP - Alexauken Creek Watershed Plan	256,840			256,840
NJDEP - Alexauken Creek Plan I	8,522			8,522
Hazards Emergency Program	1,667			1,667
Totals	<u>\$ 281,676</u>	<u>\$ 33,118</u>	<u>\$ 32,422</u>	<u>\$ 282,372</u>
REF.	A	A-3	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR WATERSHED MORITORIUM OFFSET
A-21

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 21,620
Increased by:		
State Aid Receipt	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;"></div> 21,620 </div>
		43,240
Decreased by:		
Realized as Revenue in 2020 Budget	A-2	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;"></div> 21,620 </div>
Balance December 31, 2020	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; margin-right: 10px;"></div> \$ 21,620 </div>

CURRENT FUND
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

A-22

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 3,500
Increased by:		
Sale of Municipal Assets	A-4	<div style="text-align: right;">23,066</div> <hr style="width: 100px; margin: 0 auto;"/>
		26,566
Decreased by:		
Realized as Revenue in 2020 Budget	A-2	<div style="text-align: right;">3,500</div> <hr style="width: 100px; margin: 0 auto;"/>
Balance December 31, 2020	A	<div style="text-align: right;">\$ 23,066</div> <hr style="width: 100px; margin: 0 auto;"/>

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>DOG LICENSES</u>	<u>OTHER TRUST</u>	<u>OPEN SPACE</u>
Balance December 31, 2019	B	\$ 2,373	\$ 287,631	\$ 60,564
Increased by Receipts:				
Dog License Fees	B-3	11,871		
State Dog License Fees	B-4	716		
Amount Due Current Fund	B-5:6	26	35	
Escrow Trust Deposits	B-7		27,920	
POAA Deposits	B-8		2	
Historical Preservation Deposits	B-9		80	
COAH Escrow Deposits	B-11		5,819	
CDBG Rehabilitation	B-12		19,510	
Off Duty Police Deposits	B-13		18,540	
Celebration of Public Events	B-14		430	
Public Defender Deposits	B-16		725	
Tax Sale Premiums	B-17		-	
SUI Receipts	B-18		86	
DARE Deposits	B-19		-	
Local Assistance	B-20		5	
Municipal Open Space Trust Deposits	B-21	-	-	328,977
Total Receipts		<u>12,613</u>	<u>73,152</u>	<u>328,977</u>
		<u>14,986</u>	<u>360,783</u>	<u>389,541</u>
Decreased by Disbursements:				
Expenditures Under R. S. 4:19-15.11	B-3	9,783		
State Dog License Fees	B-4	716		
Due Current Fund	B-5:6	26	-	
Escrow Trust Deposits Refunded	B-7		27,989	
Historical Preservation Disbursements	B-9		-	
Housing Trust	B-10		123	
COAH Escrow Disbursements	B-11		64,606	
CDBG Rehabilitation	B-12		304	
Off Duty Police	B-13		9,745	
Reserve for Public Defender	B-16		1,000	
Tax Sale Premiums	B-17		12,600	
SUI Disbursed	B-18		785	
Municipal Open Space Trust Disbursements	B-21	-	-	244,216
Total Disbursements		<u>10,525</u>	<u>117,152</u>	<u>244,216</u>
Balance December 31, 2020	B	\$ <u>4,461</u>	\$ <u>243,631</u>	\$ <u>145,325</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 2,373
Increased by:		
Dog License Fees Collected	B-2	<u>11,871</u> 14,244
Decreased by:		
Expenditures Under R.S. 4:29-15.11	B-2	<u>9,783</u>
Balance December 31, 2020	B	<u>\$ 4,461</u>

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

B-4

REF.

Increased by:

Collected in 2020:

State Board of Health Fees

B-2

\$ 716

716

Decreased By:

Payments

B-2

\$ 716

DOG LICENSE FUND
SCHEDULE OF DUE TO CURRENT FUND

B-5

REF.

Increased by:

Interest Earned

B-2 \$ 26
26

Decreased by:

Interfund Returned

B-2 \$ 26

B-6

90

TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW TRUST FUND DEPOSITS

B-7

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 54,188
Increased by:		
Escrow Deposits	B-2	<u>27,920</u>
		82,108
Decreased by:		
Escrow Deposits Refunded	B-2	<u>27,989</u>
Balance December 31, 2020	B	<u>\$ 54,119</u>

TRUST FUND
SCHEDULE OF RESERVE FOR POAA DEPOSITS
TRUST DEPOSITS

B-8

REF.

Balance December 31, 2019	B	\$	44
Increased by:			
Escrow Deposits	B-2		<u>2</u>
Balance December 31, 2020	B	\$	<u>46</u>

TRUST FUND
SCHEDULE OF RESERVE FOR HISTORICAL PRESERVATION
TRUST DEPOSITS

B-9

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 2,686
Increased by:		
Deposits	B-2	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-top: 1px solid black; width: 50px; text-align: right;">80</div> <div style="margin-left: 10px;">2,766</div> </div>
Balance December 31, 2020	B	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 3px double black; width: 50px; text-align: right;">2,766</div> <div style="margin-left: 10px;"></div> </div>

TRUST FUND
SCHEDULE OF RESERVE FOR HOUSING TRUST
TRUST DEPOSITS

B-10

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 1,242
Decreased by:		
Disbursements	B-2	<u>123</u>
Balance December 31, 2020	B	<u>\$ 1,119</u>

TRUST FUND
SCHEDULE OF RESERVE FOR COAH ESCROW
TRUST DEPOSITS

B-11

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 152,561
Increased by:		
Deposits	B-2	<u>5,819</u> 158,380
Decreased by:		
Disbursements	B-2	<u>64,606</u>
Balance December 31, 2020	B	<u><u>\$ 93,774</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR CDBG REHABILITATION

B-12

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 24,279
Increased by:		
Deposits	B-2	<u>19,510</u> 43,789
Decreased by:		
Disbursements	B-2	<u>304</u>
Balance December 31, 2020	B	<u>\$ 43,485</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OFF DUTY POLICE

B-13

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 1,810
Increased by:		
Deposits	B-2	<u>18,540</u>
		20,350
Decreased by:		
Disbursements	B-2	<u>9,745</u>
Balance December 31, 2020	B	<u>\$ 10,605</u>

TRUST FUND
SCHEDULE OF RESERVE FOR CELEBRATION OF PUBLIC EVENTS

B-14

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 3,735
Increased by:		
Receipts	B-2	<u>430</u>
Balance December 31, 2020	B	<u>\$ 4,165</u>

TRUST FUND
SCHEDULE OF RESERVE FOR FIRE PENALTIES
TRUST DEPOSITS

B-15

	<u>REF.</u>	
Balance December 31, 2019	B	<u>\$ 2,000</u>
Balance December 31, 2020	B	<u>\$ 2,000</u>

TRUST FUND
SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

B-16

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 1,445
Increased by:		
Deposits	B-2	<u>725</u> 2,170
Decreased by:		
Disbursements	B-2	<u>1,000</u>
Balance December 31, 2020	B	<u><u>\$ 1,170</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-17

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 13,100
Increased by:		
Deposits	B-2	<u> -</u> 13,100
Decreased by:		
Disbursements	B-2	<u>12,600</u>
Balance December 31, 2020	B	<u><u> 500</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR SUI

B-18

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 21,534
Increased by:		
Deposits	B-2	<u>86</u>
		21,620
Decreased by:		
Disbursements	B-2	<u>785</u>
Balance December 31, 2020	B	<u><u>\$ 20,835</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DARE CONTRIBUTIONS

B-19

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 6,165
Balance December 31, 2020	B	<u>\$ 6,165</u>

TRUST FUND
SCHEDULE OF RESERVE FOR LOCAL ASSISTANCE

B-20

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 1,086
Increased by:		
Deposits	B-2	<u>5</u>
		1,091
Balance December 31, 2020	B	<u>\$ 1,091</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TRUST

B-21

REF.

Balance December 31, 2019	B		\$	60,564
Increased by:				
Municipal Open Space Tax Levy (Including added/omitted taxes)	B-2	\$	326,423	
State/County Reimbursements	B-2		2,300	
Interest Earned	B-2		<u>254</u>	<u>328,977</u>
				389,541
Decreased by:				
Open Space Trust Reserve Anticipated as Current Fund Budgeted Revenue	B-2		239,372	
Municipal Open Space Disbursements	B-2		<u>4,844</u>	<u>244,216</u>
Balance December 31, 2020	B		\$	<u>145,325</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2019	C	\$	895,406
Increased by:			
Interest Due Current Fund	C-5	2,944	
State Road Aid	C-4	112,500	
Capital Improvement Fund Budget Appropriation	C-6	10,000	
Loan Proceeds	C	<u>850,000</u>	<u>975,444</u>
			1,870,850
Decreased by:			
Liquidation of Prior Year Accounts Payable	C	50,966	
Loan Repayment	C	850,000	
Interfund Returned	C-5	2,944	
Improvement Authorizations Paid	C-7	278,358	
Reserve for Payment of Debt Service	C-10	<u>145,977</u>	<u>1,328,245</u>
Balance December 31, 2020	C	<u>\$</u>	<u>542,605</u>

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

C-3

	<u>REF.</u>		
Balance December 31, 2019	C		\$ 3,530,720
Decreased by:			
General Serial Bonds Paid by Current Fund Budget Appropriation	C-9	380,000	
NJ Economic Dev. Loan Paid by Current Fund Budget Appropriation	C-8	<u>30,328</u>	<u>410,328</u>
Balance December 31, 2020	C		<u>\$ 3,120,392</u>
		Bonds Payable	C-9 \$ 3,105,000
		New Jersey Green Trust Loan	C-8 <u>15,392</u>
			<u>\$ 3,120,392</u>

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

C-4

ORD NO	IMPROVEMENT DESCRIPTION	BALANCE 12/31/19	2020 AUTHORIZATIONS	STATE ROAD AID	BALANCE 12/31/20	<u>ANALYSIS OF BALANCE</u>	
						BONDS/NOTES AUTHORIZED NOT ISSUED	EXCESS PROCEEDS
10-19	Improv. Mill Road	\$ 190,000		\$ 112,500	\$ 77,500	\$ 190,000	\$ 112,500
2-20	Mason Dump Truck, Fire and Court Equipment	-	\$ 148,000	-	148,000	148,000	-
		<u>\$ 190,000</u>	<u>\$ 148,000</u>	<u>\$ 112,500</u>	<u>\$ 225,500</u>	<u>\$ 338,000</u>	<u>\$ 112,500</u>
REF.		C	C-7	C-2	C	C	

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-5

REF.

Increased by:

Interest Credits

C-2

\$ 2,944
2,944

Increased by:

Payment to Current Fund for Interest Credits

C-2

\$ 2,944
2,944

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2019	C	\$ 36,113
Increased by:		
Budgeted Appropriation	C-2	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">10,000</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		46,113
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-7	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">7,800</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance December 31, 2020	C	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 38,313</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px;"></div> </div>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE NUMBER</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE 12/31/2019</u>		<u>DEF CHARGES AUTHORIZED</u>	<u>CAPITAL IMP FUND</u>	<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/2020</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Funding Accessory Loan Program - Rehabilitate Existing Rental Dwellings	96-12	12/4/96	\$ 140,000	\$ 20,000					\$ 20,000	
Acquisition of Real Property to Meet the Township's COAH Obligation	20-09	8/12/09	315,000	313,925					313,925	
Reconstruction of a Portion of Rocktown Hill Road	04-10	4/7/10	305,000	-					-	
Various Capital Improvements	10-11	6/22/11	816,600	9,541				\$ 5,684	3,857	
Various Capital Improvements	7-16	6/15/16	240,500	-					-	
Improv. to Police Facility, DPW Dump Truck, Police SUV, Municipal Bldg Elevator	5-18	4/4/18	645,000	137,168				72,691	64,477	
Acquisition of Equipment	4-19	4/3/19	39,000	1,535				694	841	
Improv. Mill Road	10-19	5/15/19	200,000	9,341	\$ 190,000			23,784	98,057	\$ 77,500
Mason Dump Truck, Fire and Court Equipment	5-20	7/15/20	155,800			\$ 148,000	\$ 7,800	136,511		19,289
				\$ 491,510	\$ 190,000	\$ 148,000	\$ 7,800	\$ 239,364	\$ 501,157	\$ 96,789

REF.

C

C

C-4

C-6

C

C

Cash	C-2	\$ 278,358
Reserve	C-12	(50,000)
Accounts Payable	C	11,006
		<u>\$ 239,364</u>

GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY GREEN TRUST LOAN PROGRAM

C-8

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/19</u>	<u>DECREASED</u>	<u>BALANCE 12/31/20</u>
Sourland/Open Space Acquisition Project	6/25/01	\$500,000	3/25/21	\$ 15,391.88	2.0%	\$ 45,720	\$ 30,328	\$ 15,392
						<u>\$ 45,720</u>	<u>\$ 30,328</u>	<u>\$ 15,392</u>
REF.						C	C-3	C

GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

C-9

<u>PURPOSE</u>	DATE	<u>ORIGINAL ISSUE</u>	MATURITY OF		<u>INTEREST RATE</u>	<u>BALANCE 12/31/19</u>	<u>BUDGET DECREASED</u>	<u>BALANCE 12/31/20</u>
	<u>ORIGINAL ISSUE</u>		<u>OUTSTANDING BONDS DATE</u>	<u>AMOUNT</u>				
Refunding Bonds Series 2014	11/6/14	\$ 1,555,000	5/1/21	\$ 155,000	2.60%	\$ 1,105,000	\$ 150,000	\$ 955,000
			5/1/22	150,000	2.60%			
			5/1/23	160,000	2.60%			
			5/1/24	155,000	2.60%			
			5/1/25	170,000	2.60%			
			5/1/26	165,000	2.60%			
Refunding Bonds Series 2014/2016 - Deferred School Tax	11/6/14	\$ 650,000	11/1/21	120,000	3.65%	610,000	110,000	500,000
	6/28/16	340,000	11/1/22	120,000	3.65%			
			11/1/23	125,000	3.65%			
			11/1/24	135,000	3.65%			
General Obligation Bonds Series 2019	6/18/19	\$ 1,770,000	6/15/21	120,000	5.00%	\$ 1,770,000	\$ 120,000	1,650,000
			6/15/22	120,000	5.00%			
			6/15/23	120,000	5.00%			
			6/15/24	120,000	5.00%			
			6/15/25	240,000	4.00%			
			6/15/26	240,000	5.00%			
			6/15/27	240,000	3.00%			
			6/15/28	240,000	3.00%			
			6/15/29	210,000	3.00%			
						<u>\$ 3,485,000</u>	<u>\$ 380,000</u>	<u>\$ 3,105,000</u>
						C	C-3	C

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE

C-10

Balance December 31, 2019	<u>REF.</u> C	\$ 155,460
Decreased by:		
Anticipated as Revenue in Current Fund Operating Budget	C-2	<u>145,977</u>
Balance December 31, 2020	C	<u>\$ 9,483</u>

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PRELIMINARY EXPENSES - OPEN SPACE PRESERVATION

C-11

	<u>REF.</u>	
Balance December 31, 2019	C	\$ 7,352
Balance December 31, 2020	C	<u>\$ 7,352</u>

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR MUNICIPAL BUILDING IMPROVEMENTS

C-12

Balance December 31, 2019	C	\$	50,000
Decreased by:			
Donation Refunded to Improvement Authorization	C-7	\$	50,000

PUBLIC ASSISTANCE FUND SCHEDULES

N/A

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
DECEMBER 31, 2020
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

F-1

	<u>BALANCE</u> <u>12/31/19</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/20</u>
General Fixed Assets:				
Land	\$ 2,240,713			\$ 2,240,713
Buildings	1,696,957			1,696,957
Machinery and Equipment	<u>3,583,070</u>	<u>\$ 209,202</u>	<u>-</u>	<u>3,792,272</u>
 Total General Fixed Assets	 <u>\$ 7,520,740</u>	 <u>\$ 209,202</u>	 <u>-</u>	 <u>\$ 7,729,942</u>
 Investment In General Fixed Assets	 <u>\$ 7,520,740</u>	 <u>\$ 209,202</u>	 <u>-</u>	 <u>\$ 7,729,942</u>

PART III
SUPPLEMENTARY INFORMATION

General Comments

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

Schedule of Federal/State Awards

Status of Prior Audit Findings

Schedule of Findings and Responses

GENERAL COMMENTS

Scope of Audit

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

Contracts and Agreements Requiring Advertisement for Bids

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

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

- a.** When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b.** Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c.** Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection **a.** of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.40A:11-3(c), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

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

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$44,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 3, 2020, adopted the following resolution authorizing interest to be charged on delinquent taxes:

Resolved, that commencing with the installment payments due on February 1, 2020, for real and/or personal property taxes and thereafter during each and every succeeding quarterly period, interest shall be charged at the rate of eight (8) per cent per annum on the first \$1,500 and eighteen (18) per cent per annum any amount in excess of \$1,500 upon all unpaid installments when the same became delinquent, provided, however, that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same became payable.

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 3, 2020, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2020, include only real property items on the 2020 tax levy.

The last tax sale was held November 18, 2020 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2020	21
2019	22
2018	22

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of December 31, 2020. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

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

Type of Receivable - Real Property Tax Date of Circulars - December 31, 2020				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2020 Property Tax	Positive	3,150	60	20
2021 Property Tax	Positive	3,150	60	20

Technical Accounting Directives

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

<u>Requirement</u>	FY 2020 Required <u>Implementation</u>	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

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

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2020</u>	<u>%</u>	<u>YEAR 2019</u>	<u>%</u>
Fund Balance Utilized	\$ 95,059	0.65%	\$ 150,000	1.07%
Miscellaneous - From Other Than				
Local Property Tax Levies	2,127,717	14.50%	1,872,216	13.40%
Collection of Delinquent Taxes and				
Tax Title Liens	283,156	1.93%	179,555	1.28%
Collection of Current Tax Levy	<u>12,164,851</u>	<u>82.92%</u>	<u>11,774,799</u>	<u>84.25%</u>
Total Income	<u>14,670,783</u>	<u>100.00%</u>	<u>13,976,570</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	3,802,795	26.30%	3,462,471	24.91%
County Taxes	1,942,864	13.44%	1,994,475	14.35%
Local and Regional Taxes	8,385,000	58.00%	8,120,865	58.42%
Municipal Open Space Tax	326,423	2.26%	322,928	2.32%
Other Expenditures	<u>75</u>	<u>0.00%</u>	<u>782</u>	<u>0.01%</u>
Total Expenditures	<u>\$ 14,457,157</u>	<u>100.00%</u>	<u>\$ 13,901,521</u>	<u>100.00%</u>
Excess in Revenue	213,626		75,049	
Statutory Excess to Fund Balance	213,626		75,049	
Fund Balance January 1	248,964		323,915	
Less:				
Utilization as Anticipated Revenue	<u>95,059</u>		<u>150,000</u>	
Fund Balance December 31	<u>\$ 367,531</u>		<u>\$ 248,964</u>	

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$2.270</u>	<u>\$2.244</u>	<u>\$2.236</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.316	\$0.300	\$0.293
County	\$0.357	\$0.370	\$0.367
Regional School	\$1.537	\$1.514	\$1.516
Municipal Open Space Tax	\$0.060	\$0.060	\$0.060

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2020	\$545,474,464
2019	\$536,690,988
2018	\$517,593,263

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$12,390,036	\$12,164,851	98.18%
2019	\$12,077,499	\$11,774,799	97.49%
2018	\$11,659,453	\$11,449,215	98.19%

Delinquent Taxes and Tax Title Liens

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

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$103,746	\$208,782	\$312,528	2.52%
2019	\$223,959	\$286,602	\$510,561	4.23%
2018	\$209,482	\$179,555	\$389,037	3.34%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2020	\$ 3,150
2019	3,150
2018	3,150

Comparative Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	
		<u>Regular</u>	<u>Defer School Tax</u>
2020	\$ 367,531	\$ 175,000	NONE
2019	248,964	95,059	NONE
2018	323,915	150,000	NONE
2017	353,943	211,000	NONE
2016	505,840	263,000	NONE
2015	303,831	255,000	NONE
2014	484,986	282,881	NONE
2013	833,654	386,880	NONE
2012	875,911	361,000	NONE
2011	603,106	96,000	NONE
2010	306,013	85,000	NONE

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 Bond</u>	<u>Name Of Corporate Surety</u>
James Cally	Mayor		
Stephen Bergenfeld	Committeeperson		
John Dale	Committeeperson		
Gary Hoyer	Committeeperson		
Lucas Lyons	Committeeperson		
Maria Andrews	Clerk; Registrar of Vital Statistics; Assessment Search Officer; Board of Health Secretary; Clean Comm. Coordinator; Affirmative Action Officer; Certifying Officer for Health Benefits		

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Sandy Haberle	Deputy Clerk; Deputy Registrar of Vital Statistics; Assessment Purchasing Agent; Deputy Board of Health Secretary; Assistant Treasurer; Payroll Clerk; Dog Registrar		
Gail M. Brewi	Tax Collector; Tax Search Officer	\$1,000,000	Statewide Insurance Fund; Carrier: Zurich Ins. Co.
Thomas J. Carro	Certified Municipal Finance Officer; Treasurer	\$1,000,000	Statewide Insurance Fund; Carrier: Zurich Ins. Co.
David Gill	Assessor		
Katrina Campbell	Attorney		
Raymond Barson	Magistrate	\$1,000,000	Statewide Insurance Fund; Carrier: Zurich Ins. Co.
Christopher Rose	Construction Code Official; Zoning Official; Plumbing Sub-Code Official		
Pamela Williamson	Court Administrator	\$1,000,000	Statewide Insurance Fund; Carrier: Zurich Ins. Co.

The minimum bond coverage for the Tax Collector based on prior year tax levies is as follows:

<u>Year</u>	<u>Amount</u>
2020	\$109,694

Blanket bond coverage was provided for other officials handling monies in the amount of \$50,000 by the Statewide Insurance Fund.

All the bonds were examined and were properly executed.



ARDITO & COMPANY LLC

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**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 West Amwell
150 Rocktown Lambertville Road
County of Hunterdon, New Jersey
Lambertville, NJ 08530

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Township of West Amwell in the County of Hunterdon, State of New Jersey, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Township of West Amwell's basic financial statements, and have issued our report thereon dated May 15, 2021, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

-Continued-

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

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

Compliance and Other Matters

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

Purpose of this Report

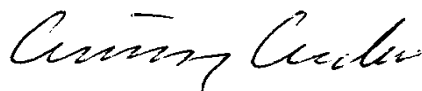
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in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

ARDITO & COMPANY LLC



Frenchtown, New Jersey

May 15, 2021



Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & COMPANY LLC

Frenchtown, New Jersey

May 15, 2021

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

K-4

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/20</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/20</u>
<u>DEPT. OF ENVIR. PROTECTION</u>									
Solid Waste Admin.-Clean Communities Program	042490076500410	\$ 11,782	2020	A	-	\$ 11,782		\$ 11,782	-
<u>DEPT. OF PUBLIC SAFETY</u>									
Drunk Driving Enforcement Fund	4250-760-050000-63	Various	Various	A	\$ 12,933			559	\$ 12,374
<u>DEPT. OF TRANSPORTATION</u>									
NJ Transportation Fund Authority Act									
Alexauken Creek Watershed Plan I		239,300	2005	A	4,510				4,510
Alexauken Creek Watershed Plan II		541,300	2013	A	22,340				22,340
<u>OTHER STATE AIDS</u>									
Body Armor Grant	N/A	1,255	2020	A	1,046	1,255			2,301
DWI Pass Through - Somerset	N/A	3,080	2020	A	-	3,080		3,080	-
Drive Sober Grant	N/A	3,300	2020	A	-	3,300		3,300	-
Distracted Driver Grant	N/A	8,150	2020	A	-	8,150		8,150	-
Hazards Emergency Program	N/A		2004	A	1,667				1,667
Recycling Tonnage Grant	N/A	5,551	2020	A	-	5,551		5,551	-
Municipal Alliance	Local Grant	528	Pr Yrs	A	668				668
TOTAL STATE ASSISTANCE					\$ 43,164	\$ 33,118	-	\$ 32,422	\$ 43,860

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

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

TOWNSHIP OF WEST AMWELL

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2020

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Uniform Guidance, Audits of States, Local Governments and Nonprofit Organizations. However, the Township was not subject to the single audit provisions of Federal OMB Uniform Guidance or New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2020 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

Finding

None

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2020

Summary of Auditor's Results

The Township prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

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

The Township was not subject to the single audit provisions of Federal OMB Uniform Guidance and New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2020 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

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

Finding

None