

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

REPORT OF AUDIT

December 31, 2018



**TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON**

REPORT OF AUDIT

For the Year Ended December 31, 2018

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Independent Auditors' Report

To the Honorable Mayor and Members
of the Township Committee
Township of Delaware, New Jersey

Report on the Financial Statements

We have audited the accompanying Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Township of Delaware, in the County of Hunterdon, State of New Jersey (the Municipality) as of and for the years then ended December 31, 2018 and 2017, and the related Comparative Statement of Operations and Changes in Fund Balance for the years then ended, and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis for the fiscal year ended December 31, 2018 and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

As described in Note 1, the financial statements are prepared by the Municipality on the basis of financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the Divisions. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Municipality as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Municipality as of December 31, 2018 and 2017, and the results of operations and changes in fund balance of such funds for the years then ended and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis, except for the budgetary data and included, which was unaudited, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division, as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2018 the Municipality adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that

collectively comprise the Municipality's basic financial statements. The Supplemental Schedules presented for the various funds, as listed in the Table of Contents, are presented for purposes of additional analysis as required by the Division and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the Division through the State of New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and is also not a required part of the financial statements.

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

The additional schedules as listed in the Table of Contents have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 26, 2019 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



BKC, CPAs, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

August 26, 2019
Flemington, New Jersey

FINANCIAL STATEMENTS - REGULATORY BASIS

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
Current Fund
December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assets			
Regular fund			
Cash - Treasurer	A-4	\$ 4,882,198	\$ 6,136,868
Change funds	A-32	175	825
		<u>4,882,373</u>	<u>6,137,693</u>
Delinquent property taxes receivable	A-7	242,915	291,295
Tax title liens receivable	A-8	37,729	25,718
Revenue accounts receivable	A-9	3,857	3,210
Due from other trust funds	A-10	2,035	33,550
Due from general capital fund	A-25	-	1,305
Due from animal control fund	A-11	-	12
		<u>286,536</u>	<u>355,090</u>
Deferred charges			
Over-expenditure of budget appropriations	A-13	5,513	936
Over-expenditure of appropriations reserves	A-13	-	1,453
		<u>5,513</u>	<u>2,389</u>
Total regular fund		5,174,422	6,495,172
Federal and state grant fund			
Cash - Treasurer	A-4	202,550	182,036
Grants receivable	A-14	173,406	172,406
Due from regular fund	A-29	-	5,361
Due from trust fund	A-30	2,390	7,212
Total federal and state grant fund		<u>378,346</u>	<u>367,015</u>
Total assets		<u>\$ 5,552,768</u>	<u>\$ 6,862,187</u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis (continued)
Current Fund
December 31,

	Ref.	2018	2017
Liabilities, reserves and fund balance			
Regular fund liabilities			
Appropriation reserves	A-3;A-15	\$ 338,930	\$ 166,202
Encumbrances payable	A-16	23,728	7,064
Due to state of NJ Veteran's and Senior			
Citizen's deductions	A-6	21,585	21,585
Due to federal & state grant fund	A-12	-	5,361
Prepaid taxes	A-17	217,274	1,822,265
Tax overpayments	A-18	40,345	2,746
Regional high school taxes payable	A-19	1,271,347	1,292,470
Local school tax payable	A-20	2,230,037	2,129,727
County tax payable	A-21	6,880	9,640
Due county - food inspections	A-22	4,400	3,600
Due NJ - state training fees	A-23	1,829	2,276
Due NJ - marriage license and domestic			
partner fees	A-24	-	100
Due to open space trust fund	A-26	-	1,405
Due to other trust funds	A-10	-	4,031
		4,156,355	5,468,472
Reserve for receivables	A	286,536	355,090
Fund balance	A-1	731,531	671,610
Total regular fund		5,174,422	6,495,172
Federal and state grant fund			
Encumbrances payable	A-31	30	-
Appropriated reserves for grants	A-27	353,476	363,655
Unappropriated reserves for grants	A-28	24,840	3,360
Total federal & state grant fund		378,346	367,015
Total liabilities, reserves and fund balance		\$ 5,552,768	\$ 6,862,187

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Comparative Statement of Operations and Change
in Fund Balance - Regulatory Basis
Current Fund
For the Years Ended December 31,

	Ref.	2018	2017
Revenues and other income realized			
Fund balance utilized	A-2	\$ 357,000	\$ 357,031
Miscellaneous revenue anticipated	A-2	708,310	757,545
Receipts from delinquent taxes	A-2	297,403	411,829
Receipts from current taxes	A-2	20,122,208	19,732,809
Non-budget revenue	A-2	28,752	43,999
Other credits to income			
Interfunds returned - net	A-2	32,832	-
Tax overpayments canceled	A-18	327	262
Unexpended balance of appropriation reserves	A-15	98,234	157,285
Total income		<u>21,645,066</u>	<u>21,460,760</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,756,855	1,703,595
Other expenses	A-3	1,560,788	1,409,970
Capital improvements	A-3	205,661	297,000
Debt service	A-3	260,656	247,406
Deferred charges & statutory expenditures	A-3	414,967	383,527
County taxes	A-21	3,291,991	3,274,738
County share of added taxes	A-21	6,879	9,640
Regional high school taxes	A-19	4,709,757	4,752,864
Local district school taxes	A-20	8,543,195	8,343,502
Municipal open space tax	A-26	480,999	479,405
Interfund advances - net		-	22,322
Other debits to income			
Prior year department of taxation audit adjustment		-	250
Prior year Senior Citizen deduction disallowed	A-6	1,250	1,689
Interfund receivable balance cancelled	A-10	660	8,537
Total expenditures		<u>21,233,658</u>	<u>20,934,445</u>
Excess in revenue		411,408	526,315

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Comparative Statement of Operations and Change
in Fund Balance - Regulatory Basis (continued)
Current Fund
For the Years Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Adjustment to income before fund balance			
Expenditures included above which are by statute			
deferred charges to budgets of succeeding years			
Over-expenditure of budget appropriations	A-3	\$ 5,513	\$ 936
Regulatory excess to fund balance		416,921	527,251
Balance January 1,	A	671,610	501,390
		1,088,531	1,028,641
Decreased by			
Utilized as anticipated revenue	A-2	357,000	357,031
Balance December 31,	A	\$ 731,531	\$ 671,610

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues - Regulatory Basis
Current Fund
For the Year Ended December 31, 2018

	Ref.	Anticipated		Realized	Excess or Deficit
		Unaudited Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	A-1	\$ 357,000	\$ -	\$ 357,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-9	4,800	-	5,040	240
Fees and permits	A-2	20,000	-	32,573	12,573
Fines and costs					
Municipal court	A-9	50,000	-	57,604	7,604
Interest on investments and deposits	A-2	10,000	-	37,618	27,618
Uniform construction code fees	A-9	100,000	-	113,928	13,928
Interest & cost on taxes	A-4	70,000	-	57,491	(12,509)
Energy receipts tax	A-9	334,005	-	334,005	-
Garden state trust fund	A-9	27,412	-	27,412	-
Reserve for payment of bonds	A-25	2,979	-	2,979	-
Lower Delaware wild & scenic river grant	A-14	2,000	-	2,000	-
NJ Division of Criminal Justice - body armor fund	A-14	1,062	-	1,062	-
Recycling grant	A-14	2,298	-	2,298	-
Drunk driving enforcement	A-14	-	1,600	1,600	-
Share of court costs - Franklin Township	A-9	25,150	-	32,700	7,550
		649,706	1,600	708,310	57,004
Receipts from delinquent taxes	A-1;A-2	275,250	-	297,403	22,153
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	3,309,862	-	3,491,182	181,320
Budget totals		4,591,818	1,600	4,853,895	\$ 260,477
Non-budget revenues	A-1;A-2	-	-	28,752	
		\$ 4,591,818	\$ 1,600	\$ 4,882,647	
	<u>Ref.</u>	A-3	A-3		

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	<u>Ref.</u>	
Analysis of realized revenues		
Allocation of current tax collections		
Tax collections	A-1;A-7	\$ 20,122,208
Allocated to		
Local district school taxes	A-7	8,542,260
Regional high school taxes	A-7	4,708,897
County taxes	A-7	3,298,870
Municipal open space tax	A-7	480,999
		<u>17,031,026</u>
Balance for support of municipal budget appropriations		3,091,182
Add: appropriation - reserve for uncollected taxes	A-3	<u>400,000</u>
Realized for support of municipal budget	A-2	<u><u>\$ 3,491,182</u></u>
Analysis of delinquent tax collections		
Receipts from delinquent tax collections	A-7;A-2	<u><u>\$ 297,403</u></u>
Fees and permits analysis		
Planning Board & Board of Adjustment		\$ 4,741
Police Department		709
Road Department		1,010
Board of Health		17,565
Clerk		1,313
Assessor		150
	A-4	<u>\$ 25,488</u>
Less: fees refunded	A-4	<u>210</u>
	A-2	<u><u>\$ 25,278</u></u>
Interest on investments and deposits analysis		
Treasurer	A-4	<u><u>\$ 37,618</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

Analysis of realized revenues (continued)

	<u>Ref.</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Increase (Decrease)</u>
Interfund advances and returns analysis				
Due from other trust funds	A-10	\$ 2,035	\$ 33,550	\$ (31,515)
Due from general capital fund	A-25	-	1,305	(1,305)
Due from animal control fund	A-11	-	12	(12)
		<u>\$ 2,035</u>	<u>\$ 34,867</u>	<u>\$ (32,832)</u>
	<u>Ref.</u>			<u>A-1</u>

	<u>Ref.</u>		
Analysis of non-budget revenue			
Treasurer			
Tax sale costs			\$ 1,327
Cable TV franchise fee			10,789
Veteran's and Seniors Citizen's - administrative fees			825
Homestead rebate processing fee			222
Outside administrative fees			1,315
Returned check fees			20
Insurance dividend			6,062
Court - shared services			6,850
Voided prior year checks			950
Miscellaneous other			392
	A-2		<u>\$ 28,752</u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis
Current Fund
For the Year Ended December 31, 2018

	Unaudited		Expended by		Balance Canceled	Over- Expended						
	Appropriations		Paid or Charged	Reserved								
	Budget	Budget After Modification										
Operations within CAPS												
General government												
Mayor and committee												
Salaries and wages	\$	17,500	\$	17,500	\$	15,520	\$	1,980	\$	-	\$	-
Municipal clerk												
Salaries and wages		61,500		64,000		63,831		169		-		-
Postage & legal												
advertising		16,000		16,000		9,106		6,894		-		-
Other expenses		45,000		45,000		34,770		10,230		-		-
Elections												
Other expenses		4,000		4,000		3,620		380		-		-
Financial administration												
Salaries and wages		91,000		91,000		90,000		1,000		-		-
Other expenses		7,900		7,900		3,302		4,598		-		-
Audit services		30,500		30,500		30,500		-		-		-
Assessment of taxes												
Salaries and wages		35,550		35,550		35,529		21		-		-
Maintenance of												
tax map		3,000		3,000		1,830		1,170		-		-
Other expenses		1,600		1,600		1,411		189		-		-
Collection of taxes												
Salaries and wages		41,650		41,650		41,614		36		-		-
Other expenses		3,200		3,200		2,726		474		-		-
Legal services and costs												
Other expenses		60,000		54,480		37,593		16,887		-		-
Municipal prosecutor												
Salaries and wages		18,000		18,000		17,424		576		-		-
Engineering services												
and costs												
Other expenses		12,000		15,000		13,836		1,164		-		-
Public buildings and grounds												
Salaries and wages - Dilts Farm		8,325		8,325		8,314		11		-		-
Salaries and wages -												
buildings & grounds		10,710		10,710		10,696		14		-		-
Expense of Dilts Farm		9,500		10,150		9,718		432		-		-
Other expenses		28,200		28,200		16,777		11,423		-		-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited					
	Appropriations		Expended by			
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Over- Expended
Operations within CAPS (cont'd)						
General government (cont'd)						
Land use administration						
Planning board						
Salaries and wages	\$ 10,610	\$ 10,610	\$ 10,404	\$ 206	\$ -	\$ -
Other expenses	3,550	3,550	1,836	1,714	-	-
Zoning board						
Salaries and wages	10,000	10,000	9,102	898	-	-
Other expenses	1,250	1,250	1,123	127	-	-
Shade tree commission						
Other expenses	610	610	470	140	-	-
Board of adjustment						
Salaries and wages	13,175	13,175	11,619	1,556	-	-
Other expenses	5,010	5,010	4,480	530	-	-
Environmental commission						
Salaries and wages	1,565	1,565	1,561	4	-	-
Other expenses	1,775	1,775	1,444	331	-	-
Insurance						
Other insurance premiums	139,000	139,000	133,760	5,240	-	-
Surety bond premiums	2,000	2,000	1,350	650	-	-
Employee group health	505,000	504,350	459,313	45,037	-	-
Public safety						
Fire						
Aid to volunteer fire companies	83,000	83,000	82,600	400	-	-
Supplemental fire service program	2,520	2,520	2,520	-	-	-
Police						
Salaries and wages	767,300	767,300	765,610	1,690	-	-
Purchase of police car	43,000	43,000	42,637	363	-	-
Other expenses	49,350	49,350	43,553	5,797	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations					
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations within CAPS (cont'd)						
Public safety (cont'd)						
Office of emergency management						
Salaries and wages	\$ 15,000	\$ 15,000	\$ 11,009	\$ 3,991	\$ -	\$ -
Other expenses	1,900	1,900	1,372	528	-	-
First aid organization - contribution	21,000	21,000	18,500	2,500	-	-
Streets and roads						
Road repairs and maintenance						
Salaries and wages	479,000	479,000	413,813	65,187	-	-
Other expenses	240,800	240,800	197,211	43,589	-	-
Health and welfare						
Board of health						
Salaries and wages	18,450	18,470	17,711	759	-	-
Other expenses	6,050	6,050	2,739	3,311	-	-
Expenses of visiting homemakers						
Other expenses	550	550	-	550	-	-
Municipal court						
Salaries and wages	58,000	58,000	50,880	7,120	-	-
Other expenses	27,300	27,300	22,900	4,400	-	-
Public defender						
Other expenses	2,200	2,200	1,873	327	-	-
Contribution to senior citizens center	4,000	4,000	4,000	-	-	-
Senior health services	220	220	-	220	-	-
Pet regulation	5,700	5,700	5,655	45	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited					
	Appropriations		Expended by		Balance	Over-
	Budget	Budget After	Paid or	Reserved	Canceled	Expended
		Modification	Charged			
Operations within CAPS(cont'd)						
General government (cont'd)						
Board of recreation						
commissioners						
Other expenses	\$ 11,500	\$ 11,500	\$ 11,500	\$ -	\$ -	\$ -
Historical preservation society						
Other expenses	3,800	3,800	3,000	800	-	-
Construction official						
Salaries and wages	60,000	60,000	53,746	6,254	-	-
Other expenses	6,600	6,600	4,794	1,806	-	-
Sub code officials						
Plumbing inspector						
Salaries and wages	15,000	15,000	14,829	171	-	-
Electrical inspector						
Salaries and wages	22,000	22,000	21,557	443	-	-
Unclassified						
Gasoline & diesel fuel	42,000	42,000	47,513	-	-	5,513
Fuel oil	8,500	8,500	6,942	1,558	-	-
Electricity	18,500	18,500	17,898	602	-	-
Telephone	24,000	24,000	20,901	3,099	-	-
Street lighting	6,200	6,200	5,415	785	-	-
Data processing services	15,000	15,000	13,035	1,965	-	-
Accumulated sick leave	5,000	5,000	-	5,000	-	-
Total operations within CAPS	3,262,120	3,262,120	2,990,292	277,341	-	5,513
Contingent	50	50	-	50	-	-
Total operations including contingent within CAPS	3,262,170	3,262,170	2,990,292	277,391	-	5,513
Detail						
Salaries and wages	1,754,335	1,756,855	1,664,769	92,086	-	-
Other expenses (including contingent)	1,507,835	1,505,315	1,325,523	185,305	-	5,513

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Deferred charges						
Over-expenditure of budget appropriations	\$ 936	\$ 936	\$ 936	\$ -	\$ -	\$ -
Over-expenditure of appropriation reserves	1,453	1,453	1,453	-	-	-
Statutory expenditures						
Contribution to public employees retirement system	113,295	113,295	113,295	-	-	-
Social Security system (OASI)	140,000	140,000	123,467	16,533	-	-
Police and Firemen's retirement system	156,633	156,633	156,633	-	-	-
State unemployment compensation	50	50	-	50	-	-
Defined contribution retirement program	2,600	2,600	644	1,956	-	-
Total deferred charges and statutory expenditures - municipal within CAPS	<u>414,967</u>	<u>414,967</u>	<u>396,428</u>	<u>18,539</u>	<u>-</u>	<u>-</u>
Total general appropriations for municipal purposes within CAPS	<u>3,677,137</u>	<u>3,677,137</u>	<u>3,386,720</u>	<u>295,930</u>	<u>-</u>	<u>5,513</u>
Operations excluded from CAPS						
LOSAP (Fire Company)						
Other expenses	30,000	30,000	-	30,000	-	-
NJPDES Storm water permit						
Street division - other expenses	8,000	8,000	-	8,000	-	-
COAH compliance						
Other expenses	5,000	5,000	-	5,000	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited					
	Appropriations		Expended by		Balance	Over-
	Budget	Budget After	Paid or	Reserved	Canceled	Expended
		Modification	Charged			
Operations excluded from						
CAPS (cont'd)						
Other operations excluded						
from CAPS (cont'd)						
Public & private programs						
offset by revenues						
Lower Delaware wild &						
scenic river grant	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -
NJ Division of Criminal						
Justice - body armor fund	1,062	1,062	1,062	-	-	-
Recycling grant	2,298	2,298	2,298	-	-	-
Drunk driving enforcement	-	1,600	1,600	-	-	-
Total operations excluded						
from CAPS	48,360	49,960	6,960	43,000	-	-
Detail						
Other expenses	48,360	49,960	6,960	43,000	-	-
Capital improvements - excluded						
from CAPS						
Reserves for						
Road improvements	162,603	162,603	162,603	-	-	-
Purchase of various						
road equipment	12,604	12,604	12,604	-	-	-
Purchase of fire equipment	12,604	12,604	12,604	-	-	-
Capital improvement fund	17,850	17,850	17,850	-	-	-
Total capital improvements						
excluded from CAPS	205,661	205,661	205,661	-	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited					
	Appropriations		Expended by			
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Over- Expended
Municipal debt service excluded from CAPS						
Payment of bond principal	\$ 137,000	\$ 137,000	\$ 137,000	\$ -	\$ -	\$ -
Interest on bonds	107,260	107,260	107,256	-	4	-
Interest on notes	16,400	16,400	16,400	-	-	-
Total debt service excluded from CAPS	260,660	260,660	260,656	-	4	-
Total general approp, for municipal purposes excluded from CAPS	514,681	516,281	473,277	43,000	4	-
Subtotal general appropriations	4,191,818	4,193,418	3,859,997	338,930	4	5,513
Reserve for uncollected taxes	400,000	400,000	400,000	-	-	-
Total general appropriations	\$ 4,591,818	\$ 4,593,418	\$ 4,259,997	\$ 338,930	\$ 4	\$ 5,513
Ref.	A-2	A-3	A-1;A-3	A;A-1		A-1; A-13

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 3,722,833
Reserve for uncollected taxes	A-2	400,000
Appropriated deferred charges	A-13	2,389
Reserve for encumbrances	A-16	20,825
Due to general capital fund	A-25	205,661
Appropriated reserve for grants	A-27	6,960
		<u>4,358,668</u>
Less		
Appropriation refunds	A-4	<u>98,671</u>
	A-3	<u><u>\$ 4,259,997</u></u>
 Appropriations		
Budget	A-2	\$ 4,591,818
Added by N.J.S.A. 40A:4-87	A-2	<u>1,600</u>
	A-3	<u><u>\$ 4,593,418</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
Trust Fund
December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assets			
Animal control fund			
Cash - Treasurer	B-1	\$ 7,539	\$ 1,507
Other trust funds			
Cash - Treasurer	B-1	612,733	598,165
Due from animal control fund	B-39	-	212
Due from current fund	B-6	-	838
Loans receivable	B-9	55,141	55,141
		<u>667,874</u>	<u>654,356</u>
Open space fund			
Cash - Treasurer	B-1	980,828	1,083,328
Due from other trust funds	B-7	-	68
Due from current fund	B-40	-	1,405
		<u>980,828</u>	<u>1,084,801</u>
Total assets		<u>\$ 1,656,241</u>	<u>\$ 1,740,664</u>
Liabilities and reserves			
Animal control fund			
Reserve for animal control expenditures	B-3	\$ 7,539	\$ 1,283
Due to current fund	B-4	-	12
Due to other trust funds	B-38	-	212
		<u>7,539</u>	<u>1,507</u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis (continued)
Trust Fund
December 31,

	Ref.	2018	2017
Liabilities and reserves (continued)			
Open space fund			
Reserve for open space	B-10	\$ 980,828	\$ 1,084,801
Other trust funds			
Due to current fund	B-6	2,035	30,357
Due to open space fund	B-8	-	68
Reserve for loans receivable	B-9	55,141	55,141
Reserve for road improvements	B-11	65,176	65,176
Reserve for road opening permits	B-12	4,000	4,000
Reserve for quarry ordinance	B-13	2,916	2,916
Reserve for cash bonds	B-14	1,019	1,019
Reserve for miscellaneous trust	B-15	1,786	1,786
Reserve for escrow	B-16	95,271	79,826
Reserve for unemployment	B-17	74,572	78,322
Reserve for recreation	B-18	6,242	8,766
Reserve for recycling	B-19	-	684
Reserve for Sutton Burial Ground	B-20	8,500	8,457
Due to grant fund	B-21	2,390	7,212
Reserve for municipal alliance	B-22	-	10,395
Reserve for developer's deposits - COAH	B-23	129,568	112,844
Reserve for COAH - interest	B-24	27,425	26,665
Reserve for insurance	B-25	18,474	18,474
Reserve for Public Defender	B-26	4,392	4,392
Reserve for POAA	B-27	26	20
Reserve for quarry reclamation fund	B-28	30,883	28,729
Reserve for tax premiums	B-29	95,200	65,300
Reserve for farmer's market	B-30	2,487	2,224
Reserve for retirement	B-31	5,018	10,018
Reserve for snow removal	B-32	12,996	9,081
Reserve for payroll withholdings	B-33	2,000	7,127
Reserve for police building	B-34	10,979	10,979
Reserve for police equipment insurance	B-35	4,378	4,378
Reserve for police cameras	B-36	5,000	-
		<u>667,874</u>	<u>654,356</u>
Total liabilities and reserves		<u>\$ 1,656,241</u>	<u>\$ 1,740,664</u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
December 31,

	Ref.	2018	2017
Assets			
Cash	C-2	\$ 895,400	\$ 822,232
Due from Delaware River Toll Bridge Commission	C-6	-	21,850
Due from NJ Department of Transportation	C-7	-	41,920
Deferred charges to future taxation			
Funded	C-8	6,493,000	6,945,000
Unfunded	C-9	2,578,028	2,504,671
Total assets		<u>\$ 9,966,428</u>	<u>\$ 10,335,673</u>
Liabilities, reserves and fund balance			
General serial bonds payable	C-18	\$ 6,493,000	\$ 6,945,000
Bond anticipation note payable	C-20	2,000,000	1,000,000
Improvement authorizations			
Funded	C-10	141,409	212,202
Unfunded	C-10	1,109,524	1,997,178
Due to current fund	C-5	-	1,305
Capital improvement fund	C-11	11,945	3,607
Reserves for			
Payment of debt service	C-12	28,069	2,979
Purchase of various equipment	C-13	122,337	127,579
Improvement of municipal facilities	C-14	30,000	30,000
Guard rails	C-15	2,325	2,325
Road improvements	C-16	2,603	-
Encumbrances	C-17	46	-
Fund balance	C-1	25,170	13,498
Total liabilities, reserves and fund balance		<u>\$ 9,966,428</u>	<u>\$ 10,335,673</u>
Bonds and notes authorized but not issued	C-19	<u>\$ 729,921</u>	<u>\$ 1,504,671</u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Comparative Statement of Fund Balance - Regulatory Basis
General Capital Fund
For the Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - January 1	C	\$ 13,498	\$ 13,498
Increased by			
Improvement authorizations canceled	C-10	112	-
Premium on bond anticipation note	C-2	<u>11,560</u>	<u>-</u>
Balance - December 31	C	<u>\$ 25,170</u>	<u>\$ 13,498</u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Comparative Statement of General Fixed Assets - Regulatory Basis
General Fixed Assets Account Group
For the Year Ended December 31,

	<u>2018</u>	<u>2017</u>
General fixed assets		
Land	\$ 2,577,600	\$ 2,577,600
Building & building improvements	1,116,525	1,116,525
Machinery & equipment	576,418	576,418
Vehicles	<u>2,874,353</u>	<u>1,969,506</u>
	<u><u>\$ 7,144,896</u></u>	<u><u>\$ 6,240,049</u></u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 1 - Summary of significant accounting policies

Reporting entity

Except as noted below, the Financial Statements - Regulatory Basis of the Township of Delaware (the Municipality) include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Municipality, as required by N.J.S.A. 40A:5-5. Component units are legally separate organizations for which the Municipality is financially accountable. The Municipality is financially accountable for an organization if the Municipality appoints a voting majority of the organization's governing board and (1) the Municipality is able to significantly influence the programs or services performed or provided by the organization; or (2) the Municipality is legally entitled to or can otherwise access the organization's resources; the Municipality is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Municipality is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Municipality in that the Municipality approves the budget, the issuance of debt or the levying of taxes. There are currently no component units of the Municipality as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Numbers 39, 61 and 80.

Description of funds and account group

The accounting policies of the Municipality conform to the accounting principles applicable to municipalities, which have been prescribed by the New Jersey 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 Municipality accounts for its financial transactions through the following separate funds and account groups:

Governmental Funds

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

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

General Capital Fund - receipts and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Account Groups

General Fixed Assets Account Group - to account for all fixed assets of the Municipality. Neither infrastructure nor depreciation of assets of the Municipality is recorded in the group.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting policies generally accepted in the United States of America (GAAP). The more significant differences, which may be material, are discussed further in Note 1.

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

Budget and budgetary procedures - The State of New Jersey has promulgated the form and procedures for the Municipality's cash basis budget in the Local Budget Law (N.J.S.A. 40A:4-1). The Municipality is only required to adopt budgets for the Current Fund and any Utility Fund, if applicable.

The Municipality must introduce and approve its annual budget no later than February 10th and adopt no later than March 20th of its budget year, unless extended by the Director of the Division of Local Government Services (the Director). All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body. The approved budget must be advertised, and a public hearing must be held prior to adoption. No budget or amendment thereof shall be adopted unless the Director has certified his approval thereof.

Emergency and special emergency appropriations may be made by resolution adopted by a 2/3 vote of the full membership of the governing body. All emergency appropriations must be raised in full in the succeeding year's budget, while special emergency appropriations financed from surplus funds shall be raised in installments of a least 20% annually until fully provided for.

Transfers between current year appropriations are allowed only during the last two months of the fiscal year. Transfers between prior year appropriation reserves are allowed only during the first three months of the fiscal year.

Revenues - are recorded when received in cash except for certain amounts, which are due from other Governmental Units. Receipts from Federal and State grants are realized as revenue when anticipated in the Municipal budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Municipality's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Municipality which are susceptible to 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 issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at year-end are reported as a cash liability in the financial statements and constitute part of the Municipality's statutory appropriation reserve balance.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 1 - Summary of significant accounting policies (continued)
Basis of accounting (continued)

Appropriation Reserves - covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

Tax Title Liens - are taxes which have been put up for sale but not been purchased. The Municipality then accepts the lien which will earn 18% per annum until the lien is paid off by the property owner.

The Municipality may choose to foreclose and return the property to the tax rolls.

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

Deferred Charges to Future Taxation - Funded and Unfunded (Capital Fund) - upon authorization of capital projects, the Municipality establishes deferred charges for the costs of the projects that are to be raised by future taxation. Deferred charges that relate to permanent debt issued are shown as funded. All other deferred charges are shown as unfunded.

General Fixed Assets - in accordance with New Jersey Administrative Code Section 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the State of New Jersey, which differs in certain respects from generally accepted accounting principles, all local units are required to have and maintain a fixed assets accounting and reporting system. In accordance with this administrative code requirement, fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

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.

No depreciation has been provided for in the financial statements.

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

Departures from generally accepted accounting principles

As noted, the accounting principles and practices used differ in some respects from Generally Accepted Accounting Principles (GAAP) for local Governmental Units. The more significant differences, which may be material, are as follows:

1. Financial Reporting Model - These statements are not based on the requirements as promulgated by GASB, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement made dramatic changes to the financial reporting requirements of state and local governments for GAAP purposes.
2. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
3. Expenditures - GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
4. Foreclosed Property - GAAP records the value of foreclosed property at the lower of cost or fair market value and would be recorded in the General Fixed Asset Account Group.
5. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
6. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
7. Grant Accounting - GAAP requires that grants be recorded within a Special Revenue Fund and revenues are not to be realized until earned.
8. Capital Funds - GAAP requires separate funds for the recording of capital projects and payment of debt service while New Jersey requirements incorporates these transactions within one fund.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 1 - Summary of significant accounting policies (continued)

Departures from generally accepted accounting principles (continued)

9. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
10. Losses arising from tax appeals and other contingencies are not recorded until paid.
11. Financial Reporting Model - These statements are not presented on the requirements as promulgated by GASB, *Accounting and Financial Reporting for Pensions an Amendment of GASB*. This statement made dramatic changes to the financial reporting requirements of state and local governments as it relates to reporting for pensions for GAAP purposes. Information regarding pension activity is disclosed rather than reported.
12. Financial Reporting Model - These statements are not presented on the requirements as promulgated by GASB, *Accounting and Financial Reporting for Other Postemployment Benefits an Amendment of GASB*. This statement made dramatic changes to the financial reporting requirements of state and local governments as it relates to reporting for other postemployment benefits for GAAP purposes. Information regarding pension activity is disclosed rather than reported.

It is not practicable to determine the effect of these differences on the financial statements.

Note 2 - Deposits and investments

Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. The Municipality does not have any investments.

New Jersey Municipal Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Municipal Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the Municipality may invest with any one issuer.

The Cash Management Plan adopted by the Municipality requires it to deposit funds in public depositories protected from loss under provisions of the act.

Custodial credit risk - deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Municipality's deposits might not be recovered. The Municipality does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 2 - Deposits and investments (continued)

Custodial credit risk - deposits (continued)

Deposit Insurance Corporation (FDIC). Public funds owned by the Municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Municipality relative to the happening of a future condition.

As of December 31, 2018 and 2017, the Municipality's bank balances of \$7,568,013 and \$8,200,935, respectively, were exposed to custodial credit risk as follows:

	2018	2017
Insured by the FDIC	\$ 500,000	\$ 500,000
Uninsured and collateralized with securities held by pledging financial institutions	7,068,013	7,700,935
Total	<u>\$ 7,568,013</u>	<u>\$ 8,200,935</u>

Note 3 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the Municipality, the Municipality's Local School, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing municipalities for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing municipalities are permitted in New Jersey for various special services rendered to the properties located within the special municipalities.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, 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 percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 4 - Long-term debt

The Local Bond Law of the State of New Jersey governs the authorization of debt by municipalities to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded. Bond anticipation notes may also be issued to temporarily finance capital projects for periods not greater than one year and may be reissued in yearly installments not to exceed ten years. All bonds and notes issued by the Municipality are general full faith and credit obligations.

Summary of municipal debt

	2018	2017
Issued		
General capital		
General bonds	\$ 6,493,000	\$ 6,945,000
Bond anticipation notes	2,000,000	1,000,000
Authorized but not issued		
General capital		
Bonds and notes	7,29,921	1,504,671
Net bonds and notes issued and authorized but not issued	<u>\$ 9,222,921</u>	<u>\$ 9,449,671</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 1.057%.

	Gross Debt	Deductions	Net Debt
Local school district debt	\$ 1,535,000	\$ 1,535,000	\$ -
Regional school district debt	564,906	564,906	-
General debt	9,222,921	28,069	9,194,852
	<u>\$ 11,322,827</u>	<u>\$ 2,127,975</u>	<u>\$ 9,194,852</u>

Net debt \$9,194,852 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$870,103,241 equals 1.057%.

Borrowing power under N.J.S.A. 40A:2-6 as amended

3 1/2% of equalized valuation basis (Municipal)	\$ 30,453,613
Net debt	<u>9,194,852</u>
Remaining borrowing power	<u>\$ 21,258,761</u>

Changes in long-term debt

During the years ended December 31, 2017 and 2018, the following changes occurred in long-term debt.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 4 - Long-term debt (continued)
Changes in long-term debt (continued)

	Balance 01/01/17	Additions	Reductions	Balance 12/31/17
Issued debt				
General capital				
Bonds	\$ 7,402,000	\$ -	\$ 457,000	\$ 6,945,000
Notes	-	1,000,000	-	1,000,000
Authorized but not issued debt				
General capital				
Bonds and notes	616,571	888,100	-	1,504,671
Total	<u>\$ 8,018,571</u>	<u>\$ 1,888,100</u>	<u>\$ 457,000</u>	<u>\$ 9,449,671</u>

	Balance 01/01/18	Additions	Reductions	Balance 12/31/18
Issued debt				
General capital				
Bonds	\$ 6,945,000	\$ -	\$ 452,000	\$ 6,493,000
Notes	1,000,000	1,000,000	-	2,000,000
Authorized but not issued debt				
General capital				
Bonds and notes	1,504,671	306,850	1,081,600	729,921
Total	<u>\$ 9,449,671</u>	<u>\$ 1,306,850</u>	<u>\$ 1,533,600</u>	<u>\$ 9,222,921</u>

General Obligation Bonds - General obligation bonds at December 31, 2018 with their outstanding balances are comprised of the following individual issues:

\$4,190,000 - 2002 general obligation bonds due in annual installments of \$2,000 to \$232,000 beginning April 15, 2003 through October 15, 2022, interest at 2.00% to 5.25%.	\$ 8,000
\$5,392,000 - 2008 general obligation bonds due in annual installments of \$20,000 to \$191,000 beginning April 15, 2010 through October 15, 2038, interest at 4.55% to 5.20%.	-
\$2,350,000 - 2013 refunding bonds due in annual installments of \$235,000 to \$255,000 beginning October 15, 2013 through October 15, 2022, interest at 2.10%.	880,000
\$6,025,000 - 2015 refunding bonds due in annual installments of \$205,000 to \$375,000 beginning October 15, 2015 through October 15, 2038, interest at 2.00% to 4.00%.	5,605,000
Total	<u>\$ 6,493,000</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 4 - Long-term debt (continued)

Schedule of annual debt service for principal and interest for outstanding bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 457,000	\$ 208,568	\$ 665,568
2020	462,000	196,895	658,895
2021	457,000	182,678	639,678
2022	467,000	168,468	635,468
2023	265,000	156,313	421,313
2024 - 2028	1,315,000	676,225	1,991,225
2029 - 2033	1,355,000	469,000	1,824,000
2034 - 2038	1,715,000	207,350	1,922,350
Total	<u>\$ 6,493,000</u>	<u>\$ 2,265,497</u>	<u>\$ 8,758,497</u>

Note 5 - Short-term debt - bond anticipation notes

The Municipality had outstanding bond anticipation notes at December 31, 2018 in the amount of \$2,000,000. These notes have a term from July 26, 2018 to July 25, 2019, with an interest rate of 2.75% payable at maturity. Principal and interest on the notes are paid from the current fund budget. The notes were issued in the amount of \$95,000 for Ordinance #15-10 Acquisition of Equipment, \$580,429 for Ordinance #17-08 Road Construction, \$570,000 for Ordinance #17-07 Fire Truck, \$432,000 for Ordinance #17-09 Road Equipment, and \$322,571 for Ordinance #13-03 Improvement of Various Roads.

The Municipality had outstanding bond anticipation notes at December 31, 2017 in the amount of \$1,000,000. These notes had a term from September 26, 2017 to September 21, 2018, with an interest rate of 1.35% payable at maturity. Principal and interest on the notes are paid from the Current Fund budget. The notes were issued in the amount of \$95,000 for Ordinance #15-10 Acquisition of Equipment, \$150,429 for Ordinance #17-08 Road Construction, \$432,000 for Ordinance #17-09 Road Equipment, and \$322,571 for Ordinance #13-03 Improvement of Various Roads.

Note 6 - Fund balances appropriated

For the year ended December 31, 2018 and 2017, fund balances which were appropriated and included as anticipated revenue in their own respective funds were as follows:

	<u>2018</u>	<u>2017</u>
Current Fund	<u>\$ 357,000</u>	<u>\$ 357,000</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 7 - School taxes

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

	Local District School Tax		Regional High School Tax	
	Balance 12/31/18	Balance 12/31/17	Balance 12/31/18	Balance 12/31/17
Balance of tax	\$ 4,280,179	\$ 4,634,398	\$ 2,354,393	\$ 2,376,376
Deferred	2,050,142	2,504,671	1,083,046	1,083,906
Tax payable (prepaid)	<u>\$ 2,230,037</u>	<u>\$ 2,129,727</u>	<u>\$ 1,271,347</u>	<u>\$ 1,292,470</u>

Note 8 - Taxes collected in advance

Taxes collected in advance, include discounts allowed for prepayments and the amount set forth as cash liabilities in the financial statements as follows:

	Balance 12/31/18	Balance 12/31/17
Prepaid taxes	\$ 217,274	\$ 1,822,265
Less: discount allowed	-	-
Cash liability for taxes collected in advance	<u>\$ 217,274</u>	<u>\$ 1,822,265</u>

Note 9 - Pensions

Employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The three State-administered plans are:

- (1) The Public Employees' Retirement System
- (2) Defined Contribution Retirement Program
- (3) The Police and Firemen's Retirement System

Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for the Municipal share of net pension liability for the Public Employees' Retirement System and the Municipal and State share of net pension liability for the Police and Firemen's Retirement System.

Public employee's retirement system

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Plan description (continued)

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:

<u>Tier</u>	<u>Definition</u>
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

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

Allocation methodology

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages for each group as of June 30, 2018, are based on the ratio of each employer's contributions to total employer contributions of the group for the State fiscal year ended June 30, 2018.

Contributions

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 non-contributory group insurance benefits is based on actual claims paid. For state fiscal year 2018, the state's pension contribution was less than the actuarial determined amount.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)
Public employee's retirement system (continued)
Contributions (continued)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS 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.

The contribution rate was 7.34% effective July 1, 2017 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

The Municipality's contractually required contribution rate for the year ended December 31, 2018 was 15.11% of the Municipality's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The Municipality contributed \$113,295 and \$107,583 respectively for the year ending December 31, 2018 and 2017.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the Municipality's allocable share of the collective net pension liability for PERS as of December 31, 2018 and 2017 are as follows:

	2018	2017
Total pension liability	\$ 5,123,646	\$ 5,485,305
Plan fiduciary net position	2,746,124	2,638,429
Net pension liability	<u>\$ 2,377,522</u>	<u>\$ 2,846,876</u>
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For state employees, mortality tables are set back four years for males and females. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent state fiscal year.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Discount rate (continued)

The state employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the Municipality's proportionate share of the collective net pension liability of as of December 31, 2018 and 2017 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Municipality's Proportionate Share of the Net Pension Liability</u>	<u>2018</u>
At current discount rate (5.66%)	\$ 2,377,522
At a 1% lower rate (4.66%)	2,989,461
At a 1% higher rate (6.66%)	1,864,146

<u>Municipality's Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (5.00%)	\$ 2,846,876
At a 1% lower rate (4.00%)	3,531,743
At a 1% higher rate (6.00%)	2,276,297

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2018 and 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 45,340	\$ 12,259	\$ 67,034	\$ -
Changes of assumptions	391,776	760,205	573,547	571,445
Net difference between projected and actual earnings on pension plan investments	-	22,301	19,385	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	73,726	44,954	100,727	26,569
Total	<u>\$ 510,842</u>	<u>\$ 839,719</u>	<u>\$ 760,693</u>	<u>\$ 598,014</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended December 31, 2018 and 2017:

<u>December 31, 2018</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 66,187	\$ -	\$ 20,847	\$ 45,340
Changes of assumptions	566,296	-	174,520	391,776
Deferred inflows of resources				
Differences between expected and actual experience	-	(14,907)	(2,648)	(12,259)
Changes of assumptions	(564,220)	(391,458)	(195,473)	(760,205)
Differences between projected and actual investment earnings on pension plan investments	19,140	(55,869)	(14,428)	(22,301)
Net changes in deferred outflows (inflows) of resources	<u>\$ 87,403</u>	<u>\$ (462,234)</u>	<u>\$ (17,182)</u>	<u>\$ (357,649)</u>
 <u>December 31, 2017</u>	 <u>Beginning Balance</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 67,360	\$ 20,788	\$ 21,114	\$ 67,034
Changes of assumptions	750,302	-	176,755	573,547
Differences between projected and actual investment earnings on pension plan investments	138,113	(122,024)	(3,296)	19,385
Deferred inflows of resources				
Changes of assumptions	-	(699,000)	(127,555)	(571,445)
Net changes in deferred outflows (inflows) of resources	<u>\$ 955,775</u>	<u>\$ (800,236)</u>	<u>\$ 67,018</u>	<u>\$ 88,521</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from the Municipality's contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

December 31, 2018		December 31, 2017	
<u>Year ended June 30,</u>		<u>Year ended June 30,</u>	
2019	\$ 16,501	2018	\$ 67,018
2020	(22,846)	2019	101,132
2021	(163,826)	2020	61,281
2022	(142,007)	2021	(81,504)
2023	(45,471)	2022	(59,406)
Total	<u>\$ (357,649)</u>	Total	<u>\$ 88,521</u>

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending December 31, 2018 and 2017 are as follows:

	2018	2017
Service cost	\$ 112,225	\$ 132,785
Interest on total pension liability	269,792	240,958
Member contributions	(64,444)	(63,164)
Administrative expense	1,785	1,653
Expected investment return net of investment expense	(169,386)	(172,042)
Pension expense related to specific liabilities of individual employers	(992)	(1,868)
Recognition of deferred inflows/outflows of resources		
Amortization of expected versus actual experience	18,199	21,114
Amortization of assumption changes or inputs	(20,953)	49,200
Amortization of projected versus actual investment earnings on pension plan investments	(14,428)	(3,296)
Pension expense	<u>\$ 131,798</u>	<u>\$ 205,340</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15:c-1 et seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established maximum compensation limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established maximum compensation limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010, who do not work the minimum number of hours per week required for Tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually. For the year ended December 31, 2018 and 2017, the Municipality contributed \$643 and \$1,428 respectively. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program website: www.prudential.com/njdcprp.

Vesting and benefit provisions

All members who become eligible for DCRP are immediately vested. Benefits include a defined contribution retirement plan distribution that can be received in a lump sum or in portions upon retirement, life insurance coverage, and long-term disability coverage.

Police and fireman's retirement system

Plan description

The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for 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 eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members eligible to enroll on or after June 28, 2011

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)
Police and fireman's retirement system (continued)
Plan description (continued)

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.

Contributions

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 is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For Fiscal Year 2018, the State's pension contribution was less than the actuarial 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, PL 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.

The contribution policy for PFRS is set by New Jersey state statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are a percentage of annual compensation, as defined, and are 10.00% of employees' annual contractual compensation.

The Township's contractually required contribution rate for the year ended December 31, 2018 was 25.66% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Special funding situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers relating to this legislation. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$19,336 to the PFRS for normal pension benefits on behalf of the Municipality, which is less than the contractually required contributions or \$38,673.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the Municipality's allocable share of the net pension liability for PFRS as of December 31, 2018 and 2017 are as follows:

	2018	2017
Total pension liability	\$ 7,275,797	\$ 7,339,685
Plan fiduciary net position	4,545,654	4,301,377
Net pension liability	<u>\$ 2,730,143</u>	<u>\$ 3,038,308</u>
Plan fiduciary net position as a percentage of the total pension liability	62.48%	58.60%

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Actuarial assumptions

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

Inflation rate	2.25%
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Salary increases (based on age)	
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Through 2026	2.10% - 8.98%
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Thereafter	3.10% - 9.98%
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Investment rate of return	7.00%
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Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rate was used and there is no mortality improvement assumed. Postretirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Long-term expected rate of return (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the rate in the most recent state fiscal year.

The state employer contributed 50 percent of the actuarially determined contributions, and the local employers contributed 100 percent of their actuarially determined contributions. 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to the projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the Municipality's proportionate share of the collective net pension liability of as of December 31, 2018 and 2017 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Municipality's Proportionate Share of the Net Pension Liability</u>	<u>2018</u>
At current discount rate (6.51%)	\$ 2,730,143
At a 1% lower rate (5.51%)	3,653,958
At a 1% higher rate (7.51%)	1,968,164

<u>Municipality's Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (6.14%)	\$ 3,038,308
At a 1% lower rate (5.14%)	4,003,221
At a 1% higher rate (7.14%)	2,245,522

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2018 and 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 24,454	\$ 9,947	\$ 17,725	\$ 16,036
Changes of assumptions	206,321	616,013	336,920	447,466
Net difference between projected and actual earnings on pension plan investments	-	13,150	52,138	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	73,726	-	96,287	-
Total	<u>\$ 304,501</u>	<u>\$ 639,110</u>	<u>\$ 503,070</u>	<u>\$ 463,502</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended December 31, 2018 and 2017:

<u>December 31, 2018</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 17,790	\$ 12,768	\$ 6,104	\$ 24,454
Changes of assumptions	338,155	-	131,834	206,321
Deferred inflows of resources				
Differences between expected and actual experience	(16,095)	-	(6,148)	(9,947)
Changes of assumptions	(449,107)	(320,724)	(153,817)	(616,014)
Differences between projected and actual investment earnings on pension plan investments	52,329	(79,785)	(14,305)	(13,151)
Net changes in deferred outflows (inflows) of resources	<u>\$ (56,928)</u>	<u>\$ (387,741)</u>	<u>\$ (36,332)</u>	<u>\$ (408,337)</u>
<u>December 31, 2017</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ 21,587	\$ 3,862	\$ 17,725
Changes of assumptions	468,272	-	131,352	336,920
Differences between projected and actual investment earnings on pension plan investments	236,887	(183,103)	1,646	52,138
Deferred inflows of resources				
Difference between expected and actual experience	(22,162)	-	(6,126)	(16,036)
Changes of assumptions	-	(544,953)	(97,487)	(447,466)
Net changes in deferred outflows (inflows) of resources	<u>\$ 682,997</u>	<u>\$ (706,469)</u>	<u>\$ 33,247</u>	<u>\$ (56,719)</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from the Municipality's contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

December 31, 2018		December 31, 2017	
<u>Year ending June 30,</u>		<u>Year ending June 30,</u>	
2019	\$ 20,672	2018	\$ 33,247
2020	(69,683)	2019	90,043
2021	(194,948)	2020	18
2022	(125,143)	2021	(124,788)
2023	(39,234)	2022	(55,239)
Total	<u>\$ (408,336)</u>	Total	<u>\$ (56,719)</u>

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending December 31, 2018 and 2017 are as follows:

	2018	2017
Service cost	\$ 160,069	\$ 175,014
Interest on total pension liability	450,121	423,350
Member contributions	(61,559)	(60,903)
Administrative expense	681	612
Expected investment return net of investment expense	(283,102)	(283,820)
Transfers between State and Local employers	(4,150)	-
Pension expense related to specific liabilities of individual employers	(627)	(2,267)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs	(21,984)	33,865
Amortization of expected versus actual experience	(44)	(2,264)
Amortization of projected versus actual investment earnings on pension plan investments	(14,305)	1,646
Less: state proportionate share of employer expense	(38,673)	(37,435)
Pension expense	<u>\$ 186,427</u>	<u>\$ 247,798</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

A special funding situation exists where the State of New Jersey is responsible for a proportionate share of the net pension liability of the municipality. The combined net pension expense is summarized as follows for December 31, 2018 and 2017:

	2018	2017
Municipal share of net pension liability	\$ 2,403,648	\$ 2,732,271
State share of net pension liability	326,496	306,037
Net pension liability	<u>\$ 2,730,144</u>	<u>\$ 3,038,308</u>

Note 10 - Postretirement benefits

Plan description - The Municipality contributes to the State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the State of New Jersey Division of Pensions and Benefits. 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, please refer to the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The SHBP 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 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 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 negotiation agreement.

The Municipality has adopted a resolution to participate in the SHBP.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 10 - Postretirement benefits (continued)

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Postretirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

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.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Municipality monthly. Premiums are funded entirely by the Municipality and are based on the type of coverage selected by the employee.

The Municipality's contributions to the SHBP for postretirement benefits for the years ended December 31, 2018 and 2017 were \$203,566 and \$186,568, respectively, which equaled the required benefit contribution for each year. In addition, certain retirees were reimbursed for personally paid health benefits for the years ended December 31, 2018 and 2017 were \$12,030 and \$9,040, respectively.

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. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employer's based on the ration 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, 2016 through June 30, 2017. Employer and non-employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and non-employer may result in immaterial differences.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 10 - Postretirement benefits (continued)

Components of net OPEB liability

The components of the collective net OPEB liability of the participating employers in the SHBP as of December 31, 2018 and 2017 were as follows:

	2018	2017
Total OPEB liability	\$ 4,166,433	\$ 5,308,885
Plan fiduciary net position	81,989	54,882
Net OPEB liability	<u>\$ 4,084,444</u>	<u>\$ 5,254,003</u>

Plan fiduciary net position as a percentage of the
total OPEB liability

1.97%

1.03%

The total OPEB liability as of December 31, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. Salary increases are based on the defined benefit plan that the member is enrolled in and the member's age. The actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

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-2017 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-2017 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-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 10 - Postretirement benefits (continued)

Healthcare trend assumptions

For Pre-Medicare Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, 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 net OPEB liability to changes in the discount rate

The following presents the collective net OPEB liability of the participating employers as of December 31, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentagepoint higher than the current rate:

	2018	2017
At current discount rate (3.87% and 3.58%)	\$ 4,084,444	\$ 5,254,003
At a 1% lower rate (2.87% and 2.58%)	4,792,133	6,197,253
At a 1% higher rate (4.87% and 4.58%)	3,519,161	4,505,550

Sensitivity of net OPEB liability to changes in the healthcare trend rate

The following presents the collective net OPEB liability of the participating employers as of December 31, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentagepoint higher than the current rate:

	2018	2017
Healthcare cost trend rate	\$ 4,084,444	\$ 5,254,003
At a 1% lower rate (1% decrease)	3,407,081	4,366,243
At a 1% higher rate (1% increase)	4,961,052	6,409,987

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 10 - Postretirement benefits (continued)

Sensitivity of net OPEB liability to changes in the healthcare trend rate (continued)

At December 31, 2018 and 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 829,288	\$ -	\$ -
Changes of assumptions	-	1,036,073	-	583,150
Net difference between projected and actual earnings on OPEB plan investments	2,158	-	900	
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	66,838	269,363	-	313,959
Total	<u>\$ 68,996</u>	<u>\$ 2,134,724</u>	<u>\$ 900</u>	<u>\$ 897,109</u>

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended December 31, 2018 and 2017 respectively:

December 31, 2018	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-
Differences between projected and actual investment earnings on OPEB plan investments	912	1,843	597	2,158
Deferred inflows of resources				
Differences between expected and actual experience	-	(945,435)	(116,147)	(829,288)
Changes of assumptions	(590,763)	(603,347)	(158,036)	(1,036,074)
Net changes in deferred outflows (inflows) of resources	<u>\$ (589,851)</u>	<u>\$ (1,546,939)</u>	<u>\$ (273,586)</u>	<u>\$ (1,863,204)</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 10 - Postretirement benefits (continued)

Sensitivity of net OPEB liability to changes in the healthcare trend rate (continued)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31, 2018,

2019	\$	(60,803)
2020		(60,802)
2021		(60,802)
2022		(60,852)
2023		(60,934)
Thereafter		(109,884)
Total	\$	(414,077)

December 31, 2017	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-
Differences between projected and actual investment earnings on OPEB plan investments	-	250	50	200
Deferred inflows of resources				
Changes of assumptions	-	(147,999)	(18,408)	(129,591)
Net changes in deferred outflows (inflows) of resources	\$ -	\$ (147,749)	\$ (18,358)	\$ (129,391)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31, 2017,

2018	\$	(18,358)
2019		(18,358)
2020		(18,358)
2021		(18,358)
2022		(18,408)
Thereafter		(37,551)
Total	\$	(129,391)

The year of deferral for the differences between projected and actual investment earnings on OPEB plan investments was 2017 and 2018 and the amortization period was 5 years for each year. The year of deferral for the change of assumptions was 2017 and 2018 and the amortization period was 8.04 years and 8.14 years, respectively.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 10 - Postretirement benefits (continued)

Changes in proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.04 years for the 2017 amounts and 8.14 years for 2018.

OPEB expense

The components of allocable OPEB expense, which exclude OPEB expense related to specific liabilities of individual employers, for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Service cost	\$ 51,927	\$ 60,880
Interest on total OPEB liability	44,271	37,083
Expected investment return	(544)	(295)
Administrative expense	475	509
Current period recognition (amortization) of deferred inflows/outflows of resources	(25,812)	(18,408)
Changes of assumptions	(35,122)	-
Differences between projected and actual investment earnings on OPEB plan investments	133	50
Total OPEB expense	<u>\$ 35,328</u>	<u>\$ 79,819</u>

Note 11 - Accrued sick and vacation benefits

The Township has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits have not been accrued by charges to operations or to budgets of prior years. At December 31, 2018 and 2017, the Municipality has estimated the liability to be approximately \$86,701 and \$81,701, respectively. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit in the financial statements is not in agreement with GASB but is in accordance with reporting procedures promulgated by the State of New Jersey.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 12 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2018 and 2017:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Land	\$ 2,577,600	\$ -	\$ -	\$ 2,577,600
Building & building improvements	1,116,525	-	-	1,116,525
Furniture, machinery, & equipment	576,418	-	-	576,418
Vehicles	1,969,506	904,847	-	2,874,353
Total	<u>\$ 6,240,049</u>	<u>\$ 904,847</u>	<u>\$ -</u>	<u>\$ 7,144,896</u>

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Land	\$ 2,577,600	\$ -	\$ -	\$ 2,577,600
Building & building improvements	1,120,000	7,325	10,800	1,116,525
Furniture, machinery, & equipment	576,418	-	-	576,418
Vehicles	1,969,506	-	-	1,969,506
Total	<u>\$ 6,243,524</u>	<u>\$ 7,325</u>	<u>\$ 10,800</u>	<u>\$ 6,240,049</u>

Note 13 - Litigation

The Municipality is involved with various litigations matters. The attorneys' letters did not indicate any litigation, claims, or contingent liabilities that are either not covered by the Municipality's insurance carrier or would have a material financial impact on the Municipality.

Grantor agencies

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

Note 14 - Contingent liabilities

The Township is not economically dependent on any one business or industry located within the Municipality.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 15 - Interfunds receivable and payable

The following interfund balances remained on the various balance sheets of the Municipality as of December 31, 2018 and 2017:

<u>December 31, 2018</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		
Other Trust Funds	\$ 2,035	\$ -
Grant Fund		
Trust Funds	2,390	-
Other Trust Funds		
Current Fund	-	2,035
Grant Fund	-	2,390
	<u>\$ 4,425</u>	<u>\$ 4,425</u>
<u>December 31, 2017</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		
Other Trust Funds	\$ 29,519	\$ -
Open Space Trust Fund	-	1,405
Animal Control Fund	12	-
Federal and State Grant Fund	-	5,361
General Capital Fund	1,305	
Grant Fund		
Current Fund	5,361	-
Trust Funds	7,212	-
General Capital Fund		
Current Fund	-	1,305
Open Space Trust Fund		
Current Fund	1,405	-
Other Trust Funds		
Current Fund		29,519
Grant Fund	-	7,212
Animal Control Fund	212	-
Animal Control Fund		
Other Trust Funds	-	212
Current Fund	-	12
	<u>\$ 45,026</u>	<u>\$ 45,026</u>

Interfund balances are primarily a result of prior year activities which have not been cleared at the end of the current year.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 16 - Risk management

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

Property and Liability Insurance - The Municipality maintains commercial insurance coverage for property, liability, and surety bonds. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

The Municipality is a member of the Somerset County Joint Insurance Fund (the Fund). The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund was established for the purpose of providing low cost insurance coverage as well as providing stability in coverage.

All members' contributions to the Fund are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The following coverages are offered by the Fund to its members:

- a) Workers' Compensation and Employers' Liability
- b) General Liability and Auto Liability-Including Law Enforcement
- c) Property Damage
- d) Boiler and Machinery
- e) Motor Vehicle
- f) Public Officials' Liability
- g) School Board Legal Liability
- h) Nurses Medical Malpractice

Financial statements for the Somerset County Joint Insurance Fund can be found at <https://www.scjif.org/financials>.

New Jersey Unemployment Compensation Insurance

The Municipality has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the Municipality is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the state. The Municipality is billed quarterly for amounts due to the state. The following is a summary of Municipality contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance of the Municipality's Unemployment Trust Fund:

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 16 - Risk management (continued)

New Jersey Unemployment Compensation Insurance (continued)

Years	Municipal Deposits	Amount Reimbursed	Employee Contributions	Ending Balance
2018	\$ -	\$ 6,483	\$ 2,733	\$ 74,572
2017	-	5,642	2,823	78,322

Note 17 - Union contracts

As of December 31, 2018, the Municipality's employees are organized into two collective bargaining units which is the Teamsters Local Union 469 affiliated with the International Brotherhood of Teamsters (the Union) and the Hunterdon County PBA Local 188 (the PBA). The Union is the representative for all the members of the public works department excluding all managerial executives, confidential employees, professional employees, police, craftsmen, and supervisors. The term of the union contract was from January 1, 2017 to December 31, 2020. The PBA is the exclusive representative of all full-time patrol officers, corporals, and sergeants and excluding all lieutenants, captains and the chief of police. The term of the PBA contract was from January 1, 2018 to December 31, 2020.

Note 18 - Deferred charges to be raised in succeeding budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charge is shown on the Comparative Balance Sheet - Regulatory Basis of the following fund:

	Balance December 31, 2018	2019 Budget Appropriation
Current Fund		
Over expenditure of budgeted appropriations	\$ 5,513	\$ 5,513
Total deferred charges	\$ 5,513	\$ 5,513

Note 19 - Length of service award program (unaudited)

The voters of the Municipality approved the establishment of a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The Program is a defined contribution program covering volunteers in the Fire Department of the Township of Delaware who have performed sufficient services to earn 60 "points" (as defined by the plan document) per calendar year as approved by the voters of the Municipality by referendum at the general election on November 3, 2003. The establishment of this LOSAP complies with New Jersey Public Law 1997, Chapter 388. The balance is subject to the general creditors of the Municipality. Contributions by the Municipality for qualified participants were \$23,690 and \$25,760 for 2018 and 2017, respectively.

Note 20 - Subsequent events

The Municipality has evaluated subsequent events through August 26, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY SCHEDULES

**TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON**

2018

CURRENT FUND

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash - Treasurer

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2017	A	\$ 6,136,868	\$ 182,036
Increased by receipts			
Non-budget revenue	A-2	\$ 28,752	\$ -
Interest and cost on taxes	A-2	57,491	-
Interest on investments and deposits	A-2	37,618	-
Fees & permits	A-2	25,488	-
Appropriation refunds	A-3	98,671	-
State of NJ - Veteran's & Senior Citizen's deductions	A-6	41,250	-
Taxes receivable	A-7	18,554,259	-
Revenue accounts receivable	A-9	578,019	-
Due from other trust fund	A-10	42,255	-
Due from animal control fund	A-11	12	-
Due from grant fund	A-12	6,961	-
Grants receivable	A-14	-	2,600
Prepaid taxes	A-17	217,274	-
Tax overpayments	A-18	48,571	-
Due county - food inspection fees	A-22	1,800	-
Due NJ - state training fees	A-23	9,160	-
Due NJ - marriage licenses & domestic partnership fees	A-24	275	-
Due from general capital fund	A-25	50,752	-
Unappropriated reserves for grants	A-28	-	21,708
Due from regular fund	A-29	-	12,322
Due from other trust fund	A-30	-	8,143
Due to current fund	A-32	650	
		19,799,258	44,773
		25,936,126	226,809

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash - Treasurer (continued)

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2018 budget appropriations	A-3	\$ 3,722,833	\$ -
2017 appropriation reserves	A-15	72,204	-
Fees and permits refunded	A-2	210	-
Revenue accounts receivable			
refunds and adjustments	A-9	35	-
Due to other trust fund	A-10	15,431	-
Due to grant fund	A-12	12,322	-
Tax overpayments refunded	A-18	10,058	-
Regional high school tax payable	A-19	4,730,880	-
Local school tax payable	A-20	8,442,885	-
County taxes payable	A-21	3,301,630	-
Due county - food inspection fees	A-22	1,000	-
Due NJ - state training fees	A-23	9,607	-
Due NJ - marriage licenses &			
domestic partnership fees	A-24	300	-
Due to general capital fund	A-25	252,129	-
Due to open space trust fund	A-26	482,404	-
Appropriated reserves for state grants	A-27	-	17,109
Due from regular fund	A-29	-	6,961
Due from trust fund	A-30	-	189
		<u>\$ 21,053,928</u>	<u>\$ 24,259</u>
Balance - December 31, 2018	A : A-5	<u><u>\$ 4,882,198</u></u>	<u><u>\$ 202,550</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash and Reconciliation
Per N.J.S.A. 40A:5-5 - Treasurer

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2018	A-4	\$ 4,882,198	\$ 202,550
Increased by			
Receipts		5,222,814	2,189
		<u>10,105,012</u>	<u>204,739</u>
Decreased by			
Disbursements		6,149,104	2,211
		<u>6,149,104</u>	<u>2,211</u>
Balance - March 31, 2019		<u>\$ 3,955,908</u>	<u>\$ 202,528</u>
Cash reconciliation - March 31, 2019			
Balance per statement			
Northfield Bank		\$ 3,961,514	\$ 204,080
Add: deposit-in-transit		16,067	28
		<u>3,977,581</u>	<u>204,108</u>
Less: outstanding checks		21,673	1,580
		<u>21,673</u>	<u>1,580</u>
Book balance		<u>\$ 3,955,908</u>	<u>\$ 202,528</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to State of New Jersey
Veteran's and Senior Citizen's Deductions

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ 21,585
Increased by			
Receipts	A-4	\$ 41,250	
Prior year Senior Citizen deductions disallowed by collector	A-1	<u>1,250</u>	
			<u>42,500</u>
			64,085
Decreased by			
Veteran's deductions per tax billings		37,250	
Senior Citizen's deductions per tax billings		4,500	
Veteran's and Senior Citizen's deductions allowed by tax collector		<u>750</u>	
		42,500	
Less: Senior Citizen's deductions disallowed by collector		<u>-</u>	
	A-7		<u>42,500</u>
Balance - December 31, 2018	A		<u><u>\$ 21,585</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Taxes Receivable and Analysis of Property Tax Levy

Year	Balance 12/31/17	2018 Levy	Added 2018	Collected		Transferred to Tax Title Liens	Senior Citizens & Veterans' Deductions	Tax Overpayment Applied	Adjustment/ Cancellations	Balance 12/31/18
2015	\$ 99	\$ -	\$ -	\$ -	\$ 28	\$ -	\$ -	\$ -	\$ 71	\$ -
2017	291,196	-	11,760	-	297,375	3,999	-	-	-	1,582
2018	-	20,337,712	42,379	1,822,265	18,256,856	8,012	42,500	587	8,538	241,333
	<u>\$ 291,295</u>	<u>\$ 20,337,712</u>	<u>\$ 54,139</u>	<u>\$ 1,822,265</u>	<u>\$ 18,554,259</u>	<u>\$ 12,011</u>	<u>\$ 42,500</u>	<u>\$ 587</u>	<u>\$ 8,609</u>	<u>\$ 242,915</u>
<u>Ref.</u>	A	Reserve	Reserve	A-17	Below	A-8	A-6	A-18	Reserve	A
				<u>Ref.</u>						
Delinquent tax collections				A-2	\$ 297,403					
Current tax collections				A-1;A-2	18,256,856					
					<u>\$ 18,554,259</u>					
				<u>Ref.</u>	A-4					

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Taxes Receivable and Analysis of Property Tax Levy (continued)

	<u>Ref.</u>		
Analysis of 2018 property tax			
Tax yield			
General purpose tax			\$ 20,337,712
Added and omitted taxes			<u>42,379</u>
	A-7		<u><u>\$ 20,380,091</u></u>
Local district school tax	A-2;A-20		\$ 8,542,260
Regional district school tax	A-2;A-19		4,708,897
County tax		\$ 2,757,807	
County library tax		270,807	
County open space tax		263,377	
County share of added and omitted taxes		<u>6,879</u>	
Total county taxes	A-2;A-21		3,298,870
Municipal open space tax		480,000	
Municipal open space share of added and omitted taxes		<u>999</u>	
Total municipal open space tax	A-2;A-26		480,999
Municipal purpose tax	A-2	3,309,862	
Additional tax levied		<u>39,203</u>	
Total municipal purpose tax			<u><u>3,349,065</u></u>
	A-7		<u><u>\$ 20,380,091</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 25,718
Increased by		
Transferred from taxes receivable	A-7	<u>12,011</u>
Balance - December 31, 2018	A	<u><u>\$ 37,729</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/17</u>	<u>Accrued in 2018</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/18</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 5,040	\$ 5,040	-
Municipal court	A-2	3,210	58,251	57,604	3,857
Share of court costs - Franklin Township	A-2	-	32,700	32,700	-
Energy receipts tax	A-2	-	334,005	334,005	-
Garden state trust fund - open space pilot aid	A-2	-	27,412	27,412	-
Uniform construction code fees	A-2	-	121,223	121,223	-
		<u>\$ 3,210</u>	<u>\$578,631</u>	<u>\$577,984</u>	<u>\$ 3,857</u>
	<u>Ref.</u>	<u>A</u>	<u>Reserve</u>	<u>Below</u>	<u>A</u>
Receipts	A-4			\$578,019	
Less: refunds and adjustments	A-4			<u>35</u>	
				<u>\$577,984</u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from Other Trust Funds

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 29,519
Increased by		
Disbursements	A-4	<u>15,431</u> 44,950
Decreased by		
Receipts	A-4	\$ 42,255
Interfund balance canceled	A-1	<u>660</u> <u>42,915</u>
Balance - December 31, 2018	A	<u><u>\$ 2,035</u></u>

	<u>2018</u>	<u>2017</u>
Analysis of balance		
Due from other trust funds	\$ 2,035	\$ 3,193
Due to other trust funds	-	(4,031)
Due from tax premium trust fund	-	23,000
Due from payroll	-	7,357
	<u><u>\$ 2,035</u></u>	<u><u>\$ 29,519</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 12
Decreased by		
Receipts	A-4	<u>12</u>
Balance - December 31, 2018	A	<u><u>\$ -</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due to Federal and State Grant Fund

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 5,361
Increased by		
Receipts	A-4	<u>6,961</u>
		12,322
Decreased by		
Disbursements	A-4	<u>12,322</u>
Balance - December 31, 2018	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Deferred Charges

	Balance 12/31/17	Increased	Decreased	Balance 12/31/18
Over-expenditure of budget appropriations	\$ 936	\$ 5,513	\$ 936	\$ 5,513
Over-expenditure of appropriations reserves	1,453	-	1,453	-
	<u>\$ 2,389</u>	<u>\$ 5,513</u>	<u>\$ 2,389</u>	<u>\$ 5,513</u>
<u>Ref.</u>	A	A-3	A-3	A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Grants Receivable

Grant	Balance 12/31/17	Revenue in 2018	Received	Unappropriated Reserve Applied	Balance 12/31/18
OES grant	\$ 390	\$ -	\$ -	\$ -	\$ 390
Wild & scenic river	4,000	-	-	-	4,000
Sidewalk grant	1,044	-	-	-	1,044
Cool cities	23,150	-	-	-	23,150
Recreation trails program	1,414	-	-	-	1,414
Delaware River Joint Toll Bridge Commission - Federal Twist Road project	55,525	-	-	-	55,525
NJ Department of Transportation - Meszaros Road project	533	-	-	-	533
NJ Department of Transportation - Grafton Road project	86,350	-	-	-	86,350
Body armor grant	-	1,062	-	1,062	-
Recycling tonnage grant	-	2,298	-	2,298	-
Lower Delaware Wild and Scenic Mini Grant	-	2,000	1,000	-	1,000
Drunk Driving Enforcement grant	-	1,600	1,600	-	-
	<u>\$ 172,406</u>	<u>\$ 6,960</u>	<u>\$ 2,600</u>	<u>\$ 3,360</u>	<u>\$ 173,406</u>
<u>Ref.</u>	A	A-2	A-4	A-28	A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves
For the Year Ended December 31, 2018

	Balance 12/31/17	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Mayor and committee					
Salaries and wages	\$ 1	\$ 1	\$ -	\$ 1	\$ -
Municipal clerk					
Salaries and wages	869	869	-	869	-
Postage and legal advertising	851	1,380	-	1,380	-
Other expenses	10,134	11,594	6,526	5,068	-
Elections					
Other expenses	984	984	-	984	-
Financial administration					
Salaries and wages	1,918	1,918	-	1,918	-
Other expenses	1,775	1,775	25	1,750	-
Assessment of taxes					
Salaries and wages	68	68	-	68	-
Maintenance of tax map	901	901	-	901	-
Other expenses	516	516	164	352	-
Collection of taxes					
Salaries and wages	79	79	-	79	-
Other expenses	1,147	1,147	35	1,112	-
Legal services and costs					
Other expenses	23,326	10,251	1,653	8,598	-
Municipal prosecutor					
Salaries and wages	2,708	2,708	-	2,708	-
Engineering services and costs					
Other expenses	1,321	1,321	-	1,321	-
Public buildings and grounds					
Salaries and wages - Dilts Farm	1	1	-	1	-
Salaries and wages - buildings and grounds	12	12	-	12	-
Expense of Dilts Farm	2,236	2,311	850	1,461	-
Other expenses	424	1,049	796	253	-
Planning board					
Other expenses	2,342	2,342	2,098	244	-
Zoning board					
Other expenses	254	254	-	254	-
Shade tree commission					
Other expenses	210	210	-	210	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves (continued)
For the Year Ended December 31, 2018

	Balance 12/31/17	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Board of adjustment					
Salaries and wages	\$ 491	\$ 491	\$ -	\$ 491	\$ -
Other expenses	2,159	2,159	1,379	780	-
Environmental commission					
Other expenses	393	393	-	393	-
Insurance					
Other insurance premiums	654	654	-	654	-
Surety bond premiums	60	60	-	60	-
Employee group health	6,987	6,987	-	6,987	-
Police					
Salaries and wages	5,297	5,297	-	5,297	-
Other expenses	12,933	13,453	4,634	8,819	-
Supplemental safe neighborhood program					
Salaries and wages	3,799	3,799	-	3,799	-
Other expenses	2,199	2,199	-	2,199	-
First aid organization					
Contribution	-	2,500	2,500	-	-
Office of emergency management					
Salaries and wages	3,773	3,773	-	3,773	-
Other expenses	1,192	1,192	-	1,192	-
Streets and roads					
Road repairs and maintenance					
Salaries and wages	768	768	-	768	-
Other expenses	1,110	15,010	14,978	32	-
Board of health					
Salaries and wages	406	406	-	406	-
Other expenses	223	223	-	223	-
Expenses of visiting homemakers					
Other expenses	550	550	-	550	-
Municipal court					
Salaries and wages	1,093	1,093	-	1,093	-
Other expenses	1,847	1,847	-	1,847	-
Public defender					
Other expenses	127	127	-	127	-
Senior health services	220	220	-	220	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves (continued)
For the Year Ended December 31, 2018

	Balance 12/31/17	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Board of recreation commissioners					
Other expenses	\$ 7,646	\$ 7,646	\$ 7,646	\$ -	\$ -
Historical preservation society					
Other expenses	1,000	1,000	-	1,000	-
Construction official					
Other expenses	758	758	-	758	-
Sub code officials					
Plumbing inspector					
Salaries and wages	1,278	1,278	-	1,278	-
Unclassified					
Gasoline & diesel fuel	5,406	5,936	1,097	4,839	-
Fuel oil	941	941	941	-	-
Electricity	2,291	2,291	1,430	861	-
Telephone	1,325	1,325	815	510	-
Street lighting	992	992	-	992	-
Data processing services	3,775	3,775	3,775	-	-
Contingent	50	50	-	50	-
Contribution to					
Social Security system	3,232	3,232	-	3,232	-
State unemployment	50	50	-	50	-
LOSAP	30,000	30,000	23,690	6,310	-
NJPDES Storm water permit	1,000	1,000	-	1,000	-
COAH compliance	8,100	8,100	-	8,100	-
	<u>\$ 166,202</u>	<u>\$ 173,266</u>	<u>\$ 75,032</u>	<u>\$ 98,234</u>	<u>\$ -</u>

Ref.

A

Below

Below

A-1

Ref.

Appropriation reserves

A

\$ 166,202

Encumbrances payable

A-16

7,064

\$ 173,266

Appropriations

A-4

\$ 72,204

Encumbrances payable

A-16

2,828

\$ 75,032

A-4

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Encumbrances Payable

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	7,064
Increased by			
2017 budget charges	A-15	\$	2,828
2018 budget charges	A-3		20,825
Due to NJ - marriage licenses & domestic partnership fees	A-24		<u>75</u>
			<u>23,728</u>
			30,792
Decreased by			
Applied to appropriation reserves	A-15		<u>7,064</u>
			7,064
Balance - December 31, 2018	A	\$	<u><u>23,728</u></u>

TOWNSHIP OF DELAWARE
Schedule of Prepaid Taxes

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	1,822,265
Increased by			
Collection of 2019 taxes	A-4		<u>217,274</u>
			2,039,539
Decreased by			
Applied to 2018 taxes receivable	A-7		<u>1,822,265</u>
Balance - December 31, 2018	A	\$	<u><u>217,274</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Tax Overpayments

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ 2,746
Increase by			
Overpayment received	A-4		48,571
			<u>51,317</u>
Decrease by			
Applied to 2018 taxes receivable	A-7	\$ 587	
Refunded	A-4	10,058	
Overpayments canceled	A-1	<u>327</u>	
			<u>10,972</u>
Balance - December 31, 2018	A		<u><u>\$ 40,345</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2017			
School tax payable	A	\$ 1,292,470	
School tax deferred (22.81%)		<u>1,083,906</u>	
			\$ 2,376,376
Increased by			
Levy - school year July 1, 2018 to June 30, 2019	A-7	<u>4,708,897</u>	
			7,085,273
Decreased by			
Disbursements	A-4	<u>4,730,880</u>	
Balance - December 31, 2018			
School tax payable	A	1,271,347	
School tax deferred (23.00%)		<u>1,083,046</u>	
			<u>\$ 2,354,393</u>
2018 Liability for Regional High School Tax			
Tax paid			\$ 4,730,880
Add: tax payable December 31, 2018		<u>1,271,347</u>	
			6,002,227
Less: tax payable December 31, 2017		<u>1,292,470</u>	
Amount charged to operations	A-1	<u>\$ 4,709,757</u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Local School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2017			
School tax payable	A	\$ 2,129,727	
School tax deferred (24.58%)		<u>2,051,077</u>	
			\$ 4,180,804
Increased by			
Levy - school year July 1, 2018 to June 30, 2019	A-7	<u>8,542,260</u>	
			12,723,064
Decreased by			
Disbursements	A-4	<u>8,442,885</u>	
Balance - December 31, 2018			
School tax payable	A	2,230,037	
School tax deferred (24.00%)		<u>2,050,142</u>	
			<u>\$ 4,280,179</u>
2018 Liability for Local School Tax			
Tax paid			\$ 8,442,885
Add: tax payable December 31, 2018		<u>2,230,037</u>	
			10,672,922
Less: tax payable December 31, 2017		<u>2,129,727</u>	
Amount charged to operations	A-1	<u>\$ 8,543,195</u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 9,640
Increased by		
2018 levy		
County taxes		\$ 2,757,807
County library tax		270,807
County open space tax		263,377
County share of added & omitted taxes		<u>6,879</u>
	A-1;A-7	<u>3,298,870</u>
		3,308,510
Decreased by		
Disbursements	A-4	<u>3,301,630</u>
Balance - December 31, 2018	A	<u><u>\$ 6,880</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due County - Food Inspections

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 3,600
Increased by		
Receipts	A-4	<u>1,800</u>
		5,400
Decreased by		
Disbursements	A-4	<u>1,000</u>
Balance - December 31, 2018	A	<u><u>\$ 4,400</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due NJ - State Training Fees

Balance - December 31, 2017	A	\$ 2,276
Increased by		
Receipts	A-4	<u>9,160</u>
		11,436
Decreased by		
Disbursements	A-4	<u>9,607</u>
Balance - December 31, 2018	A	<u><u>\$ 1,829</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due NJ - Marriage Licenses and Domestic Partnership Fees

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$ 100	
Increased by			
Receipts	A-4	<u>275</u>	
		375	
Decreased by			
Encumbrance payable	A-16	\$ 75	
Disbursements	A-4	<u>300</u>	
			<u>375</u>
Balance - December 31, 2018	A	<u><u>\$ -</u></u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to/from General Capital Fund

	<u>Ref.</u>		
Balance - December 31, 2017 (due from)	A		\$ 1,305
Increase by			
Budget revenue - reserve for payment of bonds	A-2	\$ 2,979	
Disbursements	A-4	<u>252,129</u>	
			<u>255,108</u>
			256,413
Decreased by			
Budget appropriation - capital reserves	A-3	205,661	
Receipts	A-4	<u>50,752</u>	
			<u>256,413</u>
Balance - December 31, 2018 (due from)	A		<u><u>\$ -</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due to Open Space Trust Fund

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ 1,405
Increased by			
2018 levy	A-7		<u>480,999</u>
			482,404
Decreased by			
Disbursements	A-4		<u>482,404</u>
Balance - December 31, 2018	A		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/17	Transferred from 2018 Budget	Paid or Charged	Balance Canceled	Balance 12/31/18
NJ Body armor grant					
Year - 2015	\$ 900	\$ -	\$ -	\$ -	\$ 900
Year - 2016	1,061	-	-	-	1,061
Year - 2018	-	1,062	-	-	1,062
Office of emergency management - 2005	1,635	-	-	-	1,635
Drunk driving enforcement	179	1,600	1,600	-	179
Storm water management	4,950	-	-	-	4,950
Delaware River Greenway	1,834	-	-	-	1,834
Cool cities	23,150	-	-	-	23,150
Recreation trails program	1,150	-	-	-	1,150
Clean communities program					
Year 2015	15,627	-	-	-	15,627
Year 2016	26,764	-	-	-	26,764
Year 2017	22,738	-	12,797	-	9,941
Hunterdon County Historic Preservation					
Prior years	5,437	-	-	-	5,437
Year 2016	11,903	-	-	-	11,903
Year 2017	2,400	-	-	-	2,400
NJ Forest Service - business stimulus fund	7,000	-	-	-	7,000
FEMA Grant - Sanford Road project	348	-	-	-	348
FEMA Grant - Sanford Road project matching funds	1,769	-	-	-	1,769
Delaware River Joint Toll Bridge					
Commission - Federal Twist Road	118,962	-	-	-	118,962
NJ Department of Transportation - Grafton Road project	106,350	-	-	-	106,350
Recycling tonnage grant					
Year - 2014	1,598	-	742	-	856
Year - 2016	2,400	-	-	-	2,400
Year - 2018	-	2,298	-	-	2,298
Distracted driving statewide crackdown	5,500	-	-	-	5,500
Lower Delaware wild and scenic river grant	-	2,000	2,000	-	-
	<u>\$ 363,655</u>	<u>\$ 6,960</u>	<u>\$ 17,139</u>	<u>\$ -</u>	<u>\$ 353,476</u>
Ref.	A	A-3	Below		A
		Ref.			
Disbursements		A-4	\$ 17,109		
Encumbrance payable		A-31	30		
			<u>\$ 17,139</u>		

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Unappropriated Reserves for Grants

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	3,360
Increased by			
Grant funds received			
Clean communities grant	A-4	\$	21,708
Recycling tonnage grant	A-30	<u>3,132</u>	
			<u>24,840</u>
			28,200
Decreased by			
Appropriated in current year budget	A-14		<u>3,360</u>
Balance - December 31, 2018	A	<u>\$</u>	<u>24,840</u>

TOWNSHIP OF DELAWARE
Schedule of Due From Regular Fund

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	5,361
Increased by			
Disbursements	A-4		<u>6,961</u>
			12,322
Decreased by			
Receipts	A-4		<u>12,322</u>
Balance - December 31, 2018	A	<u>\$</u>	<u>-</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from Trust Fund (Grant Fund)

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	7,212
Increased by			
Unappropriated reserve for grant	A-28	\$	3,132
Disbursements	A-4		<u>189</u>
			<u>3,321</u>
			10,533
Decreased by			
Receipts	A-4		<u>8,143</u>
Balance - December 31, 2018	A	\$	<u><u>2,390</u></u>

A-31

TOWNSHIP OF DELAWARE
Schedule of Reserve for Encumbrances
Federal and State Grant Fund

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	-
Increased by			
Charged to current year appropriations	A-27		<u>30</u>
Balance - December 31, 2018	A	\$	<u><u>30</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Change Funds

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 825
Decreased by		
Due to current fund	A-4	<u>650</u>
Balance - December 31, 2018	A	<u><u>\$ 175</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

2018

TRUST FUND

TOWNSHIP OF DELAWARE
Schedule of Trust Fund Cash - Treasurer

	Ref.	Animal Control Funds	Other Trust Funds	Open Space Fund
Balance - December 31, 2017	B	\$ 1,507	\$ 1,024,309	\$ 1,083,328
Increased by receipts				
Animal control fund	B-3	\$ 17,675	\$ -	\$ -
Due from current fund	B-4	47	-	-
Due to State of New Jersey	B-5	1,790	-	-
Due from animal control fund	B-39	-	212	-
Due from current fund	B-6 ; B-40	-	84,024	1,405
Due from/to payroll trust	B-7	-	-	68
Reserve for open space	B-10	-	-	1,882,949
Developers' deposits	B-16	-	60,937	-
Reserve for unemployment	B-17	-	2,733	-
Reserve for recreation	B-18	-	40,759	-
Reserve for recycling	B-19	-	6,380	-
Reserve for Sutton Burial Ground	B-20	-	43	-
Due to grant fund	B-21	-	2,390	-
Reserve for municipal alliance	B-22	-	23,985	-
Reserve for developer's deposits -				
COAH	B-23	-	24,379	-
Reserve for COAH - interest	B-24	-	760	-
Reserve for POAA	B-27	-	6	-
Reserve for quarry reclamation				
fund	B-28	-	2,154	-
Reserve for tax sale premiums	B-29	-	57,400	-
Reserve for farmer's market	B-30	-	900	-
Reserve for snow removal	B-32	-	13,000	-
Reserve for payroll	B-33	-	2,031,446	-
Reserve for police cameras	B-36	-	5,000	-
		<u>19,512</u>	<u>2,356,508</u>	<u>1,884,422</u>
		21,019	3,380,817	2,967,750

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Trust Fund Cash - Treasurer (continued)

	Ref.	Animal Control Funds	Other Trust Funds	Open Space Fund
Decreased by disbursements				
Animal control fund	B-3	\$ 11,419	\$ -	\$ -
Due to State of New Jersey	B-5	1,790	-	-
Due to other trusts funds	B-38	212	-	-
Due from current fund	B-4 ; B-6	59	111,508	-
Due from/to open space	B-8	-	68	-
Reserve for open space	B-10	-	-	1,986,922
Developers' deposits	B-16	-	45,492	-
Reserve for unemployment	B-17	-	6,483	-
Reserve for recreation	B-18	-	43,283	-
Reserve for recycling	B-19	-	7,064	-
Due from grant fund	B-21	-	7,212	-
Reserve for municipal alliance	B-22	-	34,380	-
Reserve for developer's deposits -				
COAH	B-23	-	7,655	-
Reserve for tax sale premiums	B-29	-	27,500	-
Reserve for farmer's market	B-30	-	637	-
Reserve for retirement	B-31	-	5,000	-
Reserve for snow removal	B-32	-	9,085	-
Reserve for payroll	B-33	-	2,036,573	-
		<u>\$ 13,480</u>	<u>\$ 2,341,940</u>	<u>\$ 1,986,922</u>
Balance - December 31, Balance - Dec	B;B-2	<u>\$ 7,539</u>	<u>\$ 1,038,877</u>	<u>\$ 980,828</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Trust Fund Cash and Reconciliation
Per N.J.S.A. 40A:5-5 - Treasurer

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>	<u>Open Space</u>
Balance - December 31, 2018	B-1	\$ 7,539	\$ 1,038,877	\$ 980,828
Increased by				
Receipts		<u>13,515</u>	<u>504,692</u>	<u>1,247</u>
		21,054	1,543,569	982,075
Decreased by				
Disbursements		<u>4,333</u>	<u>512,543</u>	<u>2,490</u>
Balance - March 31, 2019		<u><u>\$ 16,721</u></u>	<u><u>\$ 1,031,026</u></u>	<u><u>\$ 979,585</u></u>
Cash reconciliation - March 31, 2019				
Balance per statement				
Northfield Bank		\$ 15,639	\$ 527,607	\$ 981,907
TD Bank		<u>-</u>	<u>99,863</u>	<u>-</u>
		15,639	627,470	981,907
Add: deposit-in-transit		<u>1,485</u>	<u>715</u>	<u>-</u>
		17,124	628,185	981,907
Less: outstanding checks		<u>403</u>	<u>23,303</u>	<u>2,322</u>
Book balance		<u><u>\$ 16,721</u></u>	<u><u>\$ 604,882</u></u>	<u><u>\$ 979,585</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Animal Control Fund Expenditures

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 1,283
Increased by receipts		
Animal control fees	B-1	<u>17,675</u> 18,958
Decreased by		
Expenditures under RS 4:119.15	B-1	<u>11,419</u>
Balance - December 31, 2018	B	<u><u>\$ 7,539</u></u>
Animal control collections		
2016		\$ 9,987
2017		<u>15,066</u>
Maximum allowable reserve		<u><u>\$ 25,053</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from/to Current Fund
Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2017 (due from)	B	\$ 12
Increased by		
Disbursements	B-3	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">47</div> <div style="width: 50px; text-align: right;">59</div> </div>
Decreased by		
Receipts	B-3	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">59</div> <div style="width: 50px;"></div> </div>
Balance - December 31, 2018 (due to)	B	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 50px; text-align: right;">-</div> <div style="width: 50px;"></div> </div>

TOWNSHIP OF DELAWARE
Schedule of Due from State of New Jersey
Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ -
Increased by		
Disbursements	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">1,790</div> <div style="width: 50px; text-align: right;">1,790</div> </div>
Decreased by		
State fees collected	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">1,790</div> <div style="width: 50px;"></div> </div>
Balance - December 31, 2018	B	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 50px; text-align: right;">-</div> <div style="width: 50px;"></div> </div>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from/to Current Fund
Other Trust Funds

	<u>Ref.</u>		
Balance - December 31, 2017 (due from)	B	\$	29,519
Increased by			
Disbursements - tax sale premiums	B-1	\$	23,000
Disbursements - other trust funds	B-1		2,864
Disbursements - payroll withholdings	B-1		<u>85,644</u>
			<u>111,508</u>
			81,989
Decreased by			
Receipts - other trust funds	B-1		5,737
Payroll withholdings	B-1		<u>78,287</u>
			<u>84,024</u>
Balance - December 31, 2018 (due to)	B	\$	<u><u>2,035</u></u>

	<u>12/31/18</u>	<u>12/31/17</u>
Analysis of balance		
Tax premiums - due (to) from	\$ -	\$ (23,000)
Other trust funds - due from (to)	(2,035)	838
Payroll withholdings - due to	<u>-</u>	<u>(7,357)</u>
	<u><u>\$ (2,035)</u></u>	<u><u>\$ (29,519)</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from/to Payroll Trust
Open Space Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 68
Decreased by Receipts	B-1	<u>68</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due to Open Space Trust Fund
Other Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 68
Increased by Disbursements	B-1	<u>68</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Loans Receivable

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 55,141
Balance - December 31, 2018	B	\$ 55,141

TOWNSHIP OF DELAWARE
Schedule of Reserve for Open Space

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 1,084,801
Increased by		
2018 Municipal Open Space tax levy	B-1	\$ 480,999
Receipts	B-1	<u>1,401,950</u>
		<u>1,882,949</u>
		2,967,750
Decreased by		
Disbursements	B-1	<u>1,986,922</u>
Balance - December 31, 2018	B	<u>\$ 980,828</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Improvements

	<u>Ref.</u>	
Balance - December 31, 2017	B	<u>\$ 65,176</u>
Balance - December 31, 2018	B	<u><u>\$ 65,176</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Opening Permits

	<u>Ref.</u>	
Balance - December 31, 2017	B	<u>\$ 4,000</u>
Balance - December 31, 2018	B	<u><u>\$ 4,000</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Quarry Ordinance

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ <u>2,916</u>
Balance - December 31, 2018	B	\$ <u><u>2,916</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Cash Bonds

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ <u>1,019</u>
Balance - December 31, 2018	B	\$ <u><u>1,019</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Miscellaneous Trust

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 1,786
Balance - December 31, 2018	B	\$ 1,786

TOWNSHIP OF DELAWARE
Schedule of Reserve for Escrow

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 79,826
Increased by		
Receipts	B-1	60,937
		<u>140,763</u>
Decreased by		
Disbursements	B-1	45,492
		<u>45,492</u>
Balance - December 31, 2018	B	\$ 95,271

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Unemployment

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 78,322
Increased by		
Receipts	B-1	<u>2,733</u> 81,055
Decreased by		
Disbursements	B-1	<u>6,483</u>
Balance - December 31, 2018	B	<u><u>\$ 74,572</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Recreation

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 8,766
Increased by		
Receipts	B-1	<u>40,759</u> 49,525
Decreased by		
Disbursements	B-1	<u>43,283</u>
Balance - December 31, 2018	B	<u><u>\$ 6,242</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Recycling

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 684
Increased by		
Receipts	B-1	<u>6,380</u> 7,064
Decreased by		
Disbursements	B-1	<u>7,064</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Sutton Burial Ground

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 8,457
Increased by		
Receipts	B-1	<u>43</u>
Balance - December 31, 2018	B	<u><u>\$ 8,500</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to Grant Fund

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 7,212
Increased by		
Receipts	B-1	<u>2,390</u> 9,602
Decreased by		
Disbursements	B-1	<u>7,212</u>
Balance - December 31, 2018	B	<u><u>\$ 2,390</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Municipal Alliance

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 10,395
Increased by		
Receipts	B-1	<u>23,985</u> 34,380
Decreased by		
Disbursements	B-1	<u>34,380</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Developer's Deposits - COAH

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 112,844
Increased by		
Receipts	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">24,379</div> <div style="width: 10px;"></div> </div>
		137,223
Decreased by		
Disbursements	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">7,655</div> <div style="width: 10px;"></div> </div>
Balance - December 31, 2018	B	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">\$ 129,568</div> <div style="width: 10px;"></div> </div>

TOWNSHIP OF DELAWARE
Schedule of Reserve for COAH - Interest

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 26,665
Increased by		
Receipts	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">760</div> <div style="width: 10px;"></div> </div>
Balance - December 31, 2018	B	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">\$ 27,425</div> <div style="width: 10px;"></div> </div>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Insurance

	<u>Ref.</u>	
Balance - December 31, 2017	B	<u>\$ 18,474</u>
Balance - December 31, 2018	B	<u><u>\$ 18,474</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Public Defender

	<u>Ref.</u>	
Balance - December 31, 2017	B	<u>\$ 4,392</u>
Balance - December 31, 2018	B	<u><u>\$ 4,392</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve For POAA

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 20
Increased by Receipts	B-1	<u>6</u>
Balance - December 31, 2018	B	<u><u>\$ 26</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Quarry Reclamation Fund

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 28,729
Increased by Receipts	B-1	<u>2,154</u>
Balance - December 31, 2018	B	<u><u>\$ 30,883</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Tax Premiums

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 65,300
Increased by		
Receipts	B-1	<u>57,400</u> 122,700
Decreased by		
Disbursements	B-1	<u>27,500</u>
Balance - December 31, 2018	B	<u><u>\$ 95,200</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Farmer's Market

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 2,224
Increased by		
Receipts	B-1	<u>900</u> 3,124
Decreased by		
Disbursements	B-1	<u>637</u>
Balance - December 31, 2018	B	<u><u>\$ 2,487</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Retirement

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 10,018
Decreased by		
Disbursements	B-1	<u>5,000</u>
Balance - December 31, 2018	B	<u><u>\$ 5,018</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Snow Removal

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 9,081
Increased by		
Receipts	B-1	<u>13,000</u>
		22,081
Decreased by		
Disbursements	B-1	<u>9,085</u>
Balance - December 31, 2018	B	<u><u>\$ 12,996</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Payroll Withholdings

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 7,127
Increased by		
Receipts	B-1	<u>2,031,446</u> 2,038,573
Decreased by		
Disbursements	B-1	<u>2,036,573</u>
Balance - December 31, 2018	B	<u><u>\$ 2,000</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Police Building

	<u>Ref.</u>	
Balance - December 31, 2017	B	<u>\$ 10,979</u>
Balance - December 31, 2018	B	<u><u>\$ 10,979</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Police Equipment Insurance

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 4,378
Balance - December 31, 2018	B	\$ 4,378

TOWNSHIP OF DELAWARE
Schedule of Reserve for Police Cameras

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ -
Increased by Receipts	B-1	5,000
Balance - December 31, 2018	B	\$ 5,000

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to Other Trust Funds
Schedule of Reserve to LOSAP - Unaudited

Not Applicable

B-38

TOWNSHIP OF DELAWARE
Schedule of Due to Other Trust Funds
Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 212
Decreased by		
Disbursements	B-1	<u>212</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 212
Decreased by Receipts	B-1	<u>212</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due from/to Current Fund
Open Space Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2017 (due to)	B	\$ 1,405
Decreased by Receipts	B-1	<u>1,405</u>
Balance - December 31, 2018 (due from)	B	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

2018

GENERAL CAPITAL FUND

TOWNSHIP OF DELAWARE
Schedule of General Capital Fund Cash - Treasurer
General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 822,232
Increased by receipts		
Due from current fund	C-5	\$ 1,270,377
Due from NJ Department of Transportation	C-7	41,920
Bond anticipation note premium	C-1	<u>11,560</u>
		<u>1,323,857</u>
		2,146,089
Decreased by disbursements		
Improvement authorizations	C-10	<u>1,250,689</u>
Balance - December 31, 2018	C;C-3	<u><u>\$ 895,400</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of General Capital Fund Cash and Reconciliation
Per N.J.S.A. 40A:5-5 - Treasurer
General Capital Fund

Balance - December 31, 2018	<u>Ref.</u> C-2	\$ 895,400
Increased by		
Receipts		<u>1,149</u>
		896,549
Decreased by		
Disbursements		<u>46</u>
Balance - March 31, 2019		<u><u>\$ 896,503</u></u>
Cash reconciliation - March 31, 2019		
Balance per statement		
Northfield Bank		\$ 896,503
Less: outstanding checks		<u>-</u>
Book balance		<u><u>\$ 896,503</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Cash Activity
General Capital Fund

Description	Balance 12/31/17	Receipts	Disbursements	Transfers (From) To	Balance 12/31/18
Fund balance	\$ 13,498	\$ 11,560	\$ -	\$ 112	\$ 25,170
Capital improvement fund	3,607	-	-	8,338	11,945
Due to/from current fund	1,305	1,270,377	-	(1,271,682)	-
Due from NJ Department of Transportation	(41,920)	41,920	-	-	-
Due from Delaware River Toll					
Bridge Commission	(21,850)	-	-	21,850	-
Excess financing	-	-	-	151,891	151,891
Reserves for					
Payment of debt service	2,979	-	-	25,090	28,069
Guard rails	2,325	-	-	-	2,325
Purchase of various equipment	127,579	-	-	(5,242)	122,337
Improvement of municipal facilities	30,000	-	-	-	30,000
Road improvements	-	-	-	2,603	2,603
Encumbrances payable	-	-	-	46	46
Improvement authorizations					
Acquisition of development rights and purchase of land	(189,000)	-	-	69,000	(120,000)
Improvements to Seabrook Road	-	-	-	(21,850)	(21,850)
Codification of ordinances	5,563	-	5,563	-	-
Survey & engineering services on Dogwood Dr.	112	-	-	(112)	-
Acquisition of a fire truck	28,069	-	-	(28,069)	-
Repairs & maintenance of the tennis & basketball courts at Dilts Park	204	-	-	(204)	-
Improvements to various roads	207,292	-	99,900	-	107,392
Acquisition of equipment	1,996	-	-	(1,996)	-
Purchase of office equipment	3,110	-	-	-	3,110
Road equipment - chipper	5,000	-	-	(5,000)	-
Fire protection equipment	4,875	-	-	-	4,875

See independent auditor's report.

TOWNSHIP OF DELAWARE
Schedule of Cash Activity (continued)
General Capital Fund (continued)

Description	Balance 12/31/17	Receipts	Disbursements	Transfers (From) To	Balance 12/31/18
Improvement authorizations (continued)					
Cleaning ventilation system	\$ 283	\$ -	\$ -	\$ (283)	\$ -
Fire truck	30,000	-	595,363	570,000	4,637
Road improvements	40,219	-	60,749	429,956	409,426
Road equipment	455,400	-	300,952	(154,448)	-
Road improvements	86,521	-	19,023	-	67,498
Purchase of DPW equipment - radios	93	-	-	-	93
Dilts Farm - athletic equipment	2,941	-	-	-	2,941
Dilts Park walking trail/parking lot	7,740	-	4,800	-	2,940
Sidewalks	13,309	-	19,874	10,000	3,435
Mezaros Road	982	-	-	-	982
Purchase of police interceptor	-	-	29,157	35,000	5,843
Road improvements	-	-	113,783	160,000	46,217
Improvements to Zentak/Meszaros Road	-	-	1,525	5,000	3,475
Total	<u>\$ 822,232</u>	<u>\$ 1,323,857</u>	<u>\$ 1,250,689</u>	<u>\$ -</u>	<u>\$ 895,400</u>
<u>Ref.</u>	C	C-2	C-2		C

See independent auditor's report.

TOWNSHIP OF DELAWARE
Schedule of Due from/to Current Fund
General Capital Fund

	<u>Ref.</u>		
Balance - December 31, 2018 (due to)	C	\$	1,305
Increased by			
Receipts	C-2	\$	1,270,377
Reserve to pay debt service anticipated as 2018 revenue	C-12		<u>2,979</u>
			<u>1,273,356</u>
			1,274,661
Decreased by			
Bond anticipation note proceeds received in current fund	C-20	1,000,000	
Open space funds	C-9	69,000	
2018 municipal budget appropriations			
Reserve for purchase of various equipment	C-13	25,208	
Reserve for road improvements	C-16	162,603	
Capital improvement fund	C-11	<u>17,850</u>	
			<u>1,274,661</u>
Balance - December 31, 2018 (due to)	C	\$	<u><u>-</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from Delaware River Toll Bridge Commission
General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 21,850
Decreased by		
Receivable balance canceled to deferred charges		
to future taxation - unfunded	C-9	<u>21,850</u>
Balance - December 31, 2018	C	<u><u>\$ -</u></u>
		C-7

TOWNSHIP OF DELAWARE
Schedule of Due from NJ Department of Transportation
General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 41,920
Decreased by		
Receipts	C-2	<u>41,920</u>
Balance - December 31, 2018	C	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Deferred Charges to Future Taxation - Funded
General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 6,945,000
Decreased by		
2018 budget appropriation		
Payment of bonds	C-18	<u>452,000</u>
Balance - December 31, 2018	C	<u><u>\$ 6,493,000</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Deferred Charges to Future Taxation - Unfunded

Improvement Description	Balance 12/31/17	2018 Authorization	2018 Note Payments	Cash Received	Transferred to Deferred Taxation - Funded	Balance 12/31/18	Analysis of Balance 12/31/18		
							Expendi- tures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Acquisition of development rights and purchase of land #00-25	\$ 189,000	\$ -	\$ -	\$ 69,000	\$ -	\$ 120,000	\$ 120,000	\$ -	\$ -
Improvements to various roads #13-03	322,571	-	-	-	-	322,571	-	-	322,571
Acquisition of equipment #15-10	95,000	(1,996)	-	-	-	93,004	-	(1,996)	95,000
Acquisition of fire truck #17-07	570,000	-	-	-	-	570,000	-	-	570,000
Improvements to various roads #17-08	883,500	-	-	-	-	883,500	-	303,071	580,429
Acquisition of road equipment #17-09	444,600	(162,497)	-	-	-	282,103	-	(149,897)	432,000
Improvements to Zentek/ Meszaros Road	-	285,000	-	-	-	285,000	-	285,000	-
Improvements to Seabrook Road	-	21,850	-	-	-	21,850	21,850	-	-
	<u>\$ 2,504,671</u>	<u>\$ 142,357</u>	<u>\$ -</u>	<u>\$ 69,000</u>	<u>\$ -</u>	<u>\$ 2,578,028</u>	<u>\$ 141,850</u>	<u>\$ 436,178</u>	<u>\$ 2,000,000</u>
<u>Ref.</u>	C	Below		C-5;C-19		C		Below	C-20
Improvement authorizations Due from Delaware River Toll Bridge Commission cancelled	<u>Ref.</u> C-10	\$ 285,000							
Authorizations canceled		21,850 (164,493) <u>\$ 142,357</u>							
Improvement authorizations - unfunded							<u>Ref.</u> C-11	\$ 1,109,524	
Less: Excess financing							C-4	(151,893)	
Less: unexpended proceeds of bond anticipation notes							C-4	(521,453)	
								<u>\$ 436,178</u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Improvement Authorizations

Improvement Description	Ordinance		Balance 12/31/17		2018 Authorization	Paid or Charged	Unexpended	Balance 12/31/18	
	Number	Amount	Funded	Unfunded			Balance Canceled	Funded	Unfunded
Codification of ordinances	06-22	\$ 28,000	\$ 5,563	\$ -	\$ -	\$ 5,563	\$ -	\$ -	\$ -
Survey & engineering services on Dogwood Drive	09-15	10,000	112	-	-	-	112	-	-
Acquisition of a fire truck	10-13	350,000	28,069	-	-	-	28,069	-	-
Repairs & maintenance of the tennis & basketball courts at Dilts Park	12-06	4,000	204	-	-	-	204	-	-
Improvements to various roads	13-03	600,000	-	207,292	-	99,900	-	-	107,392
Improvements to Dilts Park	14-09	3,000	-	-	-	-	-	-	-
Acquisition of equipment	15-10	100,000	-	1,996	-	-	1,996	-	-
Purchase of police vehicle	16-10	13,000	-	-	-	-	-	-	-
Road construction	16-10	40,000	-	-	-	-	-	-	-
Purchase of office equipment	16-11	5,000	3,110	-	-	-	-	3,110	-
Processing computer software	16-16	8,500	-	-	-	-	-	-	-
Road equipment - chipper	16-17	47,447	5,000	-	-	-	5,000	-	-
Fire protection equipment	16-04	12,200	4,875	-	-	-	-	4,875	-
Cleaning ventilation system	17-02	3,500	283	-	-	-	283	-	-
Computer software	17-06	4,236	-	-	-	-	-	-	-
Police SUV	17-06	10,000	-	-	-	-	-	-	-
Fire truck	17-07	600,000	30,000	570,000	-	595,363	-	-	4,637
Road improvements	17-08	930,000	-	773,290	-	60,795	-	-	712,495
Road equipment	17-09	468,000	23,400	444,600	-	300,952	167,048	-	-
Road improvements	17-12	86,521	86,521	-	-	19,023	-	67,498	-
DPW equipment - radios	17-12	5,000	93	-	-	-	-	93	-
Dilts Farm - athletic equipment	17-12	5,000	2,941	-	-	-	-	2,941	-
Fixed asset inventory	17-12	2,200	-	-	-	-	-	-	-
Dilts Park walking trail/parking lot	17-13	20,000	7,740	-	-	4,800	-	2,940	-
Sidewalks	17-17	30,000	13,309	-	10,000	19,874	-	3,435	-
Mezaros Road	17-19	160,000	982	-	-	-	-	982	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Capital Improvement Fund

	<u>Ref.</u>		
Balance - December 31, 2017	C	\$	3,607
Increased by			
Improvement authorization balance canceled	C-10	\$	5,488
2018 municipal budget appropriations	C-5	<u>17,850</u>	
			<u>23,338</u>
			26,945
Decreased by			
Appropriated to finance improvement authorizations	C-10		<u>15,000</u>
Balance - December 31, 2018	C	<u>\$</u>	<u>11,945</u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Payment of Debt Service

	<u>Ref.</u>		
Balance - December 31, 2017	C	\$	2,979
Increased by			
Improvement authorization balance canceled	C-10		<u>28,069</u>
			31,048
Decreased by			
Anticipated as a revenue in current fund	C-5		<u>2,979</u>
Balance - December 31, 2018	C	<u>\$</u>	<u>28,069</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Purchase of Various Equipment

	<u>Ref.</u>		
Balance - December 31, 2017	C	\$	127,579
Increased by			
Improvement authorization balance canceled	C-10	\$	4,550
2018 municipal budget appropriations	C-5	<u>25,208</u>	
			<u>29,758</u>
			157,337
Decreased by			
Appropriated to finance improvement authorizations	C-10		<u>35,000</u>
Balance - December 31, 2018	C	<u>\$</u>	<u>122,337</u>

C-14

TOWNSHIP OF DELAWARE
Schedule of Reserve for Improvements to Municipal Facilities

	<u>Ref.</u>		
Balance - December 31, 2017	C	<u>\$</u>	30,000
Balance - December 31, 2018	C	<u>\$</u>	<u>30,000</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Guard Rails

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 2,325
Balance - December 31, 2018	C	\$ 2,325

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Improvements

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ -
Increased by		
2018 Municipal budget appropriations	C-5	162,603
		<u>162,603</u>
Decreased by		
Appropriated to finance improvement authorizations	C-10	160,000
		<u>160,000</u>
Balance - December 31, 2018	C	\$ 2,603

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Encumbrances

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ -
Increased by		
2018 improvement authorization charge	C-10	<u>46</u>
Balance - December 31, 2018	C	<u><u>\$ 46</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of General Serial Bonds Payable

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance 12/31/17	Increased	Decreased	Balance 12/31/18
			Date	Amount					
General improvements	12/04/2008	\$ 4,190,000	10/15/19	2,000	4.63%	\$ 10,000	\$ -	\$ 2,000	\$ 8,000
			10/15/20	2,000	4.63%	-	-	-	-
			10/15/21	2,000	4.75%	-	-	-	-
			10/15/22	2,000	4.75%	-	-	-	-
Open space acquisition	11/15/08	2,738,000				58,000	-	58,000	-
General improvements	11/15/08	2,654,000				57,000	-	57,000	-
Refunding bond issue	08/07/13	2,350,000	10/15/19	230,000	2.10%	1,115,000	-	235,000	880,000
			10/15/20	225,000	2.10%	-	-	-	-
			10/15/21	215,000	2.10%	-	-	-	-
			10/15/22	210,000	2.10%	-	-	-	-
Refunding bond issue	09/10/15	5,237,250	10/15/19	160,000	3.00%	5,080,000	-	40,000	5,040,000
			10/15/20	170,000	4.00%	-	-	-	-
			10/15/21	175,000	4.00%	-	-	-	-
			10/15/22	185,000	3.00%	-	-	-	-
			10/15/23	195,000	2.38%	-	-	-	-
			10/15/24	200,000	2.50%	-	-	-	-
			10/15/25	210,000	2.63%	-	-	-	-
			10/15/26	215,000	2.75%	-	-	-	-
			10/15/27	220,000	3.50%	-	-	-	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of General Serial Bonds Payable (continued)

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance 12/31/17	Increased	Decreased	Balance 12/31/18
			12/31/18						
			Date	Amount					
Refunding bond issue (continued)			10/15/28	\$ 240,000	3.50%	\$ -	\$ -	\$ -	\$ -
			10/15/29	245,000	3.50%	-	-	-	-
			10/15/30	260,000	3.50%	-	-	-	-
			10/15/31	270,000	3.25%	-	-	-	-
			10/15/32	280,000	3.25%	-	-	-	-
			10/15/33	300,000	3.50%	-	-	-	-
			10/15/34	310,000	3.50%	-	-	-	-
			10/15/35	330,000	3.50%	-	-	-	-
			10/15/36	340,000	4.00%	-	-	-	-
			10/15/37	360,000	4.00%	-	-	-	-
		10/15/38	375,000	4.00%	-	-	-	-	
General improvements	09/10/15	787,750	10/15/19	65,000	3.00%	625,000	-	60,000	565,000
			10/15/20	65,000	4.00%	-	-	-	-
			10/15/21	65,000	4.00%	-	-	-	-
			10/15/22	70,000	3.00%	-	-	-	-
			10/15/23	70,000	2.38%	-	-	-	-
			10/15/24	75,000	2.50%	-	-	-	-
			10/15/25	75,000	2.63%	-	-	-	-
			10/15/26	80,000	2.75%	-	-	-	-
					\$ 6,945,000	\$ -	\$ 452,000	\$ 6,493,000	
				Ref.	C		C-8	C	

Ref.

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Bonds and Notes Authorized but Not Issued

Ordinance Number	Improvement Description	Balance 12/31/2017	Increased	Decreased	Balance 12/31/2018
00-25	Acquisition of development rights and purchase of land	\$ 189,000	\$ -	\$ 69,000	\$ 120,000
07-24	Improvements to Seabrook Road	-	21,850	-	21,850
17-07	Acquisition of fire truck	570,000	-	570,000	-
17-08	Improvement for various roads	733,071	-	430,000	303,071
17-09	Acquisition of road equipment	12,600	-	12,600	-
18-14	Improvement for Zentek/Meszaros Road	-	285,000	-	285,000
		<u>\$ 1,504,671</u>	<u>\$ 306,850</u>	<u>\$ 1,081,600</u>	<u>\$ 729,921</u>
		<u>Ref. C</u>	<u>C-10</u>	<u>Below</u>	<u>C</u>
			<u>Ref.</u>		
	Cash receipt		C-9	\$ 69,000	
	Improvement authorization canceled		C-10	12,600	
	Bond anticipation notes issued		C-20	1,000,000	
				<u>\$ 1,081,600</u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Bond Anticipation Notes Payable

Ordinance Number	Improvement Description	Original Note	Date of		Interest Rate	Balance 12/31/17	Increased	Decreased	Balance 12/31/18
			Issue	Maturity					
13-03	Improvement of various roads	\$ 322,571	07/26/18	07/25/19	2.75%	\$ 322,571	\$ -	\$ -	\$ 322,571
15-10	Acquisition of equipment	95,000	07/26/18	07/25/19	2.75%	95,000	-	-	95,000
17-07	Fire truck	570,000	07/26/18	07/25/19	2.75%	-	570,000	-	570,000
17-08	Road construction	150,429	07/26/18	07/25/19	2.75%	150,429	430,000	-	580,429
17-09	Road equipment	432,000	07/26/18	07/25/19	2.75%	432,000	-	-	432,000
						<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>
						<u>Ref. C</u>	<u>C-5</u>		<u>C</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

PART II

ADDITIONAL SCHEDULES

STATISTICAL DATA

SCHEDULE OF INSURANCE

TOWNSHIP OF DELAWARE

STATISTICAL DATA

TOWNSHIP OF DELAWARE
Statistical Data
Comparative Schedule of Operations and Change
in Fund Balance - Regulatory Basis
For the Years Ended December 31,
(Unaudited)

	2018		2017	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund balance utilized	\$ 357,000	1.65	\$ 357,031	1.66
Miscellaneous - from other than local property tax levied	868,455	4.01	959,091	4.47
Collection of delinquent taxes & tax title liens	297,403	1.37	411,829	1.92
Collection of current tax levy	20,122,208	92.96	19,732,809	91.95
Total income	21,645,066	100.00	21,460,760	100.00
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	4,198,927	19.77	4,041,498	19.31
County taxes	3,298,870	15.54	3,284,378	15.69
Local school taxes	8,543,195	40.23	8,343,502	39.86
Regional school taxes	4,709,757	22.18	4,752,864	22.70
Municipal open space tax	480,999	2.27	479,405	2.29
Other debits to income	1,910	0.01	32,798	0.16
Total expenditures	21,233,658	100.00	20,934,445	100.00
Excess in revenue	411,408		526,315	
Adjustment to income before fund balance				
Expenditures included above which are by statute deferred charges to budgets of succeeding years	5,513		936	
Regulatory excess to fund balance	416,921		527,251	
<u>Fund Balance</u>				
Fund balance January 1,	671,610		501,390	
	1,088,531		1,028,641	
Less: utilization as anticipated revenue	357,000		357,031	
Fund balance December 31,	\$ 731,531		\$ 671,610	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)
(Unaudited)

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Year	Apportionment				Total Tax Rate
	Municipal & Open Space	County	Local School	Regional High School	
2018	\$ 0.48	\$ 0.41	\$ 1.07	\$ 0.59	\$ 2.55
2017	0.45	0.41	1.05	0.60	2.51
2016	0.44	0.43	1.02	0.60	2.49
2015	0.43	0.41	0.99	0.69	2.52
2014	0.41	0.42	0.97	0.67	2.47
2013*	0.37	0.42	0.98	0.64	2.41
2012	0.31	0.38	0.85	0.56	2.10
2011	0.30	0.37	0.84	0.55	2.06
2010	0.30	0.39	0.84	0.54	2.07
2009	0.29	0.38	0.81	0.58	2.06

* Revalued/Reassessed

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2018	\$ 797,557,330	\$ 872,792,000	91.38%
2017	796,237,930	882,054,987	90.27%
2016	795,742,403	918,023,077	86.68%
2015	793,152,870	881,280,967	90.00%
2014	791,200,156	886,016,493	89.30%
2013*	787,068,690	897,256,328	87.72%
2012	911,663,133	957,931,211	95.17%
2011	910,694,220	984,321,465	92.52%
2010	908,222,212	1,014,206,825	89.55%
2009	904,532,341	1,003,974,575	90.10%

* Revalued/Reassessed

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)
(Unaudited)

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year	Tax Levy	Cash Collections	Percentage of Collections
2018	\$ 20,337,712	\$ 20,122,208	98.94%
2017	20,039,234	19,732,809	98.47%
2016	19,861,875	19,573,620	98.55%
2015	20,039,700	19,764,316	98.63%
2014	19,547,863	19,186,609	98.15%
2013	19,004,642	18,649,706	98.13%
2012	19,188,246	18,796,219	97.96%
2011	18,850,610	18,465,116	97.96%
2010	18,887,078	18,422,195	97.54%
2009	18,706,104	18,466,104	98.72%

Increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the Municipality, such as federal and state aid, should decline without corresponding decreases in budgeted expenditures.

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)
(Unaudited)

ASSESSED VALUES DISTRIBUTION

Year	Vacant Land	Residential	Apartments	Commercial	Farmland	Industrial	Total Real Property
2009	\$ 12,155,120	\$ 592,543,500	\$ 1,065,700	\$ 19,279,100	\$ 269,345,100	\$ 8,742,900	\$ 903,131,420
2010	10,571,520	595,297,600	1,065,700	18,830,500	272,201,900	8,742,900	906,710,120
2011	12,373,520	594,251,900	1,065,700	18,597,500	274,268,500	8,742,900	909,300,020
2012	11,155,520	598,887,800	1,065,700	19,047,700	271,316,300	8,740,600	910,213,620
2013 *	8,649,620	515,755,700	939,500	17,203,300	235,828,100	7,270,600	785,646,820
2014	8,135,620	525,352,300	939,500	17,196,100	231,875,600	7,270,600	790,769,720
2015	6,913,420	536,516,600	939,500	17,273,600	223,780,610	7,270,600	792,694,330
2016	7,096,320	537,945,200	939,500	17,745,400	224,308,810	7,270,600	795,305,830
2017	6,357,320	537,507,700	939,500	17,968,600	226,194,210	7,270,600	796,237,930
2018	5,442,620	541,959,000	939,500	17,834,900	224,110,710	7,270,600	797,557,330

* Revalued/Reassessed

DELINQUENT TAXES AND 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 ten years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2009	\$ 6,286	\$ 238,639	\$ 244,925	1.31%
2010	10,270	463,423	473,693	2.51%
2011	20,156	375,395	395,551	2.10%
2012	19,164	397,912	417,076	2.17%
2013	21,328	415,485	436,813	2.30%
2014	16,648	422,155	438,803	2.24%
2015	20,549	356,882	377,431	1.88%
2016	22,871	394,898	417,769	2.10%
2017	25,718	291,295	317,013	1.58%
2018	37,729	242,915	280,644	1.38%

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)
(Unaudited)

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>
2018	None
2017	None
2016	None
2015	None
2014	None
2013	None
2012	None
2011	None
2010	None
2009	None

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current fund	2018	\$ 735,388	\$ 357,000
	2017	671,610	357,000
	2016	501,390	357,031
	2015	489,472	295,437
	2014	265,160	241,000
	2013	388,940	350,000
	2012	450,872	395,000
	2011	446,570	414,000
	2010	551,888	518,000
	2009	772,652	742,199

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Debt Incurring Capacity as of December 31, 2018
(Unaudited)

Municipal

1. Equalized valuations of real property (2018, 2017, 2016)	\$ 870,103,241
2 Permitted municipal debt limitation (3.5% of \$870,103,241)	30,453,613
3 Net debt issued, outstanding & authorized	9,194,852
4 Excess school borrowing	-
5 Total charges to borrowing margin	<u>9,194,852</u>
6 Remaining municipal borrowing capacity	<u><u>\$ 21,258,761</u></u>

Local School District

1. Permitted school district debt limitation (3.0% of \$870,103,241)	\$ 26,103,097
2 Debt issued, outstanding & authorized	<u>2,440,000</u>
3 Remaining local school district borrowing capacity	<u><u>\$ 23,663,097</u></u>

Gross & Statutory Net Debt as of December 31,

<u>Year</u>	Gross Debt	Statutory Net Debt	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2018	\$ 11,322,827	\$ 9,194,852	1.06%
2017	12,232,760	9,446,692	1.06%
2016	11,428,029	7,980,592	0.90%
2015	12,548,023	8,650,021	0.97%
2014	12,934,194	8,337,021	0.94%
2013	13,649,838	8,649,021	0.95%
2012	13,826,822	8,339,000	0.88%
2011	14,149,173	8,249,000	0.84%
2010	14,932,151	8,468,801	0.84%

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Statement of Indebtedness as of December 31, 2018
(Unaudited)

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds		\$ 6,493,000	
Notes		2,000,000	
Bonds and notes authorized but not issued		<u>729,921</u>	\$ 9,222,921
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		1,535,000	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	1,535,000
Regional school district			
Bonds		564,906	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	564,906
Total gross debt			<u>11,322,827</u>
Statutory deductions			
Municipal		28,069	
Local school district		1,535,000	
Regional school district		<u>564,906</u>	2,127,975
Total net debt			<u><u>\$ 9,194,852</u></u>
Overlapping debt as of December 31, 2018			
	Debt	Estimated %	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ 2,440,000	100.00%	\$ 2,440,000
Regional school district debt	969,458	9.67%	93,747
County debt	83,452,933	4.05%	3,380,396
Total overlapping debt			<u><u>\$ 5,914,142</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Statement of Indebtedness as of December 31, 2018 (continued)
(Unaudited)

Gross debt (\$11,322,827)		\$ 11,322,827
Per capita (population 2010 census - 4,460)	\$ 2,539	
Percent of average equalized valuation basis (2018 - \$870,103,241)	1.30%	
Percent of net valuation taxable (2018 - \$797,557,330)	1.42%	
Net municipal debt (\$9,194,852)		9,194,852
Per capita (population 2010 census - 4,460)	\$ 2,062	
Percent of average equalized valuation basis (2018 - \$870,103,241)	1.06%	
Percent of net valuation taxable (2018 - \$797,557,330)	1.15%	
Overall debt (gross and overlapping debt - (\$14,703,223)		14,703,223
Per capita (population 2010 census - 4,460)	\$ 3,297	
Percent of average equalized valuation basis (2018 - \$870,103,241)	1.69%	
Percent of net valuation taxable (2018 - \$797,557,330)	1.84%	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Insurance

	<u>Coverage</u>	<u>Deductible</u>
Workers Compensation - Somerset County Joint Insurance Fund		
Policy Limit	Statutory	
Package Policy - Somerset County Joint Insurance Fund		
Property - Buildings & Contents - Fund Limit	\$ 250,000,000	\$ -
Liability Coverage Casualty per Occurrence	5,000,000	-
Auto Liability	Included	-
Public Officials & Employment Practices	2,000,000	25,000
Excess Liability	15,000,000	-
Crime	1,000,000	-
Pollution Legal Liability - Somerset County Joint Insurance Fund		
Each incident	1,000,000	25,000
Surety Bonds		-
Tax Collector	175,000	-
Treasurer	100,000	-
Payroll Clerk	100,000	-

The Somerset County Joint Insurance Fund is responsible for the first \$25,000 deductible per occurrence (other than flood). No per member specific deductible applies to the entity.

Adequacy of insurance coverage is the responsibility of the Municipality.

TOWNSHIP OF DELAWARE

PART III

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING**

**SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE**

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND RESPONSES

LIST OF OFFICIALS

GENERAL COMMENTS

ACKNOWLEDGEMENTS



Certified Public Accountants, PC

www.bkc-cpa.com

**Independent Auditors' 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**

Honorable Mayor and Members
of the Township Committee
Township of Delaware
County of Hunterdon, New Jersey

We have audited, in accordance with the 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 (the Division) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Regulatory Basis Financial Statements of the Township of Delaware, in the County of Hunterdon, State of New Jersey (the Municipality) as of and for the year ended December 31, 2018, and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated August 26, 2019. That report indicated that the Municipality's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division. That report contained an unmodified opinion on the Regulatory Basis Financial Statements and an emphasis of matter paragraph describing the adoption of a new accounting principle.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2018-01 that we consider to be a significant deficiency.

Compliance and Other Matters.

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2018-01.

Response to Findings

The Municipality's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses section of the report. The Municipality's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 Municipality'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 Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



William M. Colantano, Jr.
Certified Public Accountant
Registered Municipal Accountant

August 26, 2019
Flemington, New Jersey

TOWNSHIP OF DELAWARE
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2018

Grant	Project Number	Program or Award Amount	Grant Period From To	Balance 12/31/17	Receipts	Expended	Adjustments/ Repayments	Balance 12/31/18	Memo Cumulative Expenditure
NJ body armor - 2015	066-1020-718-001	\$ 900	Continuous	\$ 900	\$ -	\$ -	\$ -	\$ 900	\$ -
NJ body armor - 2016	066-1020-718-001	1,061	Continuous	1,061	-	-	-	1,061	-
NJ body armor - 2017	066-1020-718-001	1,062	Continuous	1,062	-	-	-	1,062	-
Somerset County - click it or ticket it	Not available	5,500	Continuous	5,500	-	-	-	5,500	-
Office of emergency management - 2005	Not available	1,245	Continuous	1,245	-	-	-	1,245	-
DWI - prior 2013	098-9735-760-001	Unavailable	Continuous	179	1,600	1,600	-	179	1,600
Storm water management	Not available	Unavailable	Continuous	4,950	-	-	-	4,950	-
Delaware river greenway	Not available	Unavailable	Continuous	1,834	-	-	-	1,834	-
Recreation trails program	Not available	Unavailable	Continuous	(264)	-	-	-	(264)	-
Clean communities program - 2015	765-042-4900-004	15,627	Continuous	15,627	-	-	-	15,627	-
Clean communities program - 2016	765-042-4900-004	26,764	Continuous	26,764	-	-	-	26,764	-
Clean communities program - 2017	765-042-4900-004	22,738	Continuous	22,738	-	12,797	-	9,941	12,797
Clean communities program - 2018	765-042-4900-004	21,708	Continuous	-	21,708	-	-	21,708	-
Historic preservation grant	732-074-2505-002	14,750	Continuous	5,437	-	-	-	5,437	9,313
NJ Forest Service - business stimulus fund	Not available	7,000	Continuous	7,000	-	-	-	7,000	-
FEMA Grant - Sanford Road project	100 022 8020 157	5,307	Continuous	348	-	-	-	348	4,959
FEMA Grant - Sanford Road project - matching funds	100 022 8020 157	Unavailable	Continuous	1,769	-	-	-	1,769	-
Delaware River Joint Toll Bridge Commission -									-
Federal Twist Road project	Not available	246,191	Continuous	63,437	-	-	-	63,437	-
NJ Dept of Transportation - Meszaros Road project	480-078-6320	150,000	Continuous	(533)	-	-	-	(533)	-
NJ Dept of Transportation - Grafton Road project	480-078-6320	Unavailable	Continuous	20,000	-	-	-	20,000	-
Hunterdon County historic preservation grant - 2012	732-074-2505-002	2,400	Continuous	2,400	-	-	-	2,400	-
Hunterdon County historic preservation grant - 2016	732-074-2505-002	11,903	Continuous	11,903	-	-	-	11,903	-
Recycling grant - 2014	752-042-4900-001	1,598	Continuous	1,598	-	742	-	856	742
Recycling grant - 2017	752-042-4900-001	2,400	Continuous	2,400	-	-	-	2,400	-
Recycling grant - 2018	752-042-4900-001	2,298	Continuous	2,298	-	-	-	2,298	-
Recycling grant - 2019	752-042-4900-001	3,132	Continuous	-	3,132	-	-	3,132	-
Lower Delaware wild & scenic river	732-074-2505-002	2,000	Continuous	-	1,000	2,000	-	(1,000)	2,000
Total state financial assistance				<u>\$ 199,653</u>	<u>\$ 27,440</u>	<u>\$ 17,139</u>	<u>\$ -</u>	<u>\$ 209,954</u>	<u>\$ 31,411</u>

See independent auditors' report

TOWNSHIP OF DELAWARE
Notes to Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2018

Note 1 - General

The accompanying Schedule of Expenditures State Financial Assistance presents the activity of all State financial award programs of the Township of Delaware, County of Hunterdon, State of New Jersey (the Municipality) for the year ended December 31, 2018.

Note 2 - Basis of accounting

The accompanying Schedule of Expenditures of State Financial Assistance is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note - 3 Relationship to the financial statements

Amounts reported in the Schedules agree with the amounts reported in the Municipality's financial reports. Expenditures from state and local awards are reported in the Municipality's financial statements as follows:

Fund	State	Local	Total
Grant Fund	\$ 17,139	\$ -	\$ 17,139

TOWNSHIP OF DELAWARE
Schedule of Findings and Responses

General Comments and Recommendations

Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

Finding 2018-01

Criteria: No expenditures of municipal funds are to be made unless adequate resources are available.

Condition: The Municipality had an over-expenditure.

Cause: The net effect of some expenditure line items made it appear to the Certified Financial Officer that no expenditure line items were over-expended.

Effect: The Municipality must raise funds in the subsequent year's budget for the deferred charge resulting from the over-expenditure.

Recommendation: The Municipality should ensure that no expenditures of municipal funds are made unless adequate resources are available.

Managements response: The Municipality will implement procedures to ensure that no expenditures of municipal funds are made unless adequate resources are available.

Status of Prior Year's Audit Findings/Recommendations

Corrective action has been taken on prior year recommendations except for the following:

2017-02 No expenditures of municipal funds are to be made unless adequate resources are available.

TOWNSHIP OF DELAWARE
List of Officials

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>
Samuel Thompson	Mayor
Joseph Vocke	Deputy Mayor
Charlie Herman	Committeeperson
Alan Johnson	Committeeperson
Susan D. Lockwood	Committeeperson

* * * * *

<u>Name</u>	<u>Title</u>
Jodi McKinney	Municipal Clerk
Diane McDaniel	Treasurer & Chief Financial Officer
Danene Gooding	Tax Collector
Michelle Trivigno	Assessor
Sharon Dragan	Attorney
John Lanza	Labor Attorney & Special Counsel
C. Richard Roseberry	Engineer

TOWNSHIP OF DELAWARE
General Comments
(Unaudited)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate, \$17,500, except by contract or agreement."

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

The minutes indicate that contracts were awarded for the following items:

Road maintenance & repairs

The minutes also indicate that resolutions were adopted authorizing the awarding of contracts or agreements for Professional Services per N.J.S.A. 40A:11-5 as follows:

Auditor	Engineer
Architect	Labor Attorney
Finance Office Consultant	Risk Consultant
Historic Consultant	Municipal Attorney
Planning Consultants	Environmental Consultant
Prosecutor	Public Defender

According to the client's records, it appears that there were no individual payments, contracts or agreements in excess of \$17,500 "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.A.40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

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

TOWNSHIP OF DELAWARE
General Comments
(Unaudited)

Collection of Interest on Delinquent Taxes and Assessments (continued)

The governing body adopted a resolution pursuant to the provisions of RS. 54:4-67 fixing the rate of delinquent taxes at 8% per annum on the first \$1,500.00 and a rate of 18% per annum on any amount in excess of \$1,500 becoming delinquent after the due date and if the delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged if payment of any installment is made within ten days after the date upon which the same becomes payable.

Interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held in the year 2018 and was complete.

All tax sale certificates 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>
2018	4
2017	3
2016	3

TOWNSHIP OF DELAWARE
Acknowledgements

We would be pleased to confer on questions that might arise with respect to any matter in this report.

We wish to express our appreciation for the assistance and courtesies rendered by the Municipality officials and employees during the course of the examination.

BKC, CPAs, PC

BKC, CPAs, PC

William Colantano

William M. Colantano, Jr.
Certified Public Accountant
Registered Municipal Accountant