

TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON
REPORT OF AUDIT
December 31, 2020



**TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON**

REPORT OF AUDIT

For the Year Ended December 31, 2020

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Certified Public Accountants, PC
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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, 2020 and 2019, 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, 2020 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, 2020 and 2019, 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, 2020 and 2019, and the results 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, except for the budgetary data and included, which was unaudited, for the year ended December 31, 2020 in conformity with accounting principles and practices prescribed by the Division, as described in Note 1.

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 September 13, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

September 13, 2021
Flemington, New Jersey

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Assets			
Regular fund			
Cash - Treasurer	A-4	\$ 5,655,142	\$ 5,040,120
Change funds	A-10	250	175
		<u>5,655,392</u>	<u>5,040,295</u>
Delinquent property taxes receivable	A-7	224,116	292,882
Tax title liens receivable	A-8	46,621	65,020
		<u>270,737</u>	<u>357,902</u>
Total regular fund		<u>5,926,129</u>	<u>5,398,197</u>
Federal and state grant fund			
Cash - Treasurer	A-4	149,373	215,512
Grants receivable	A-12	-	173,406
Total federal and state grant fund		<u>149,373</u>	<u>388,918</u>
Total assets		<u>\$ 6,075,502</u>	<u>\$ 5,787,115</u>

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Liabilities, reserves and fund balance			
Regular fund liabilities			
Appropriation reserves	A-3; A-13	\$ 583,342	\$ 450,788
Encumbrances payable	A-14	9,670	9,241
Due to state of NJ Veteran's and Senior			
Citizen's deductions	A-6	446	21,680
Prepaid taxes	A-15	162,787	204,486
Tax overpayments	A-16	45,263	17,302
Regional high school taxes payable	A-17	1,295,445	1,159,224
Local school tax payable	A-18	2,284,026	2,298,720
County tax payable	A-19	8,280	8,183
Due county - food inspections	A-20	5,200	4,800
Due NJ - state training fees	A-21	2,858	2,053
Due NJ - marriage license and domestic partner fees	A-22	50	100
		4,397,367	4,176,577
Reserve for receivables	A	270,737	357,902
Fund balance	A-1	1,258,025	863,718
Total regular fund		5,926,129	5,398,197
Federal and state grant fund			
Encumbrances payable	A-29	7,314	156
Appropriated reserves for grants	A-25	112,437	360,854
Unappropriated reserves for grants	A-26	29,622	27,908
Total federal & state grant fund		149,373	388,918
Total liabilities, reserves and fund balance		\$ 6,075,502	\$ 5,787,115

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.	2020	2019
Revenues and other income realized			
Fund balance utilized	A-2	\$ 407,000	\$ 357,000
Miscellaneous revenue anticipated	A-2	698,493	796,564
Receipts from delinquent taxes	A-2	332,239	240,504
Receipts from current taxes	A-2	20,550,494	19,972,131
Non-budget revenue	A-2	21,163	18,000
Other credits to income			
Interfunds returned - net		-	2,035
Tax overpayments canceled	A-16	162	267
Unexpended balance of appropriation reserves	A-13	389,407	311,301
Prior year adjustment	A-6	21,000	-
Total income		<u>22,419,958</u>	<u>21,697,802</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,892,690	1,853,792
Other expenses	A-3	1,498,101	1,478,210
Capital improvements	A-3	240,000	249,520
Debt service	A-3	301,856	301,853
Deferred charges & statutory expenditures	A-3	437,350	447,467
County taxes	A-19	3,307,305	3,250,379
County share of added taxes	A-19	8,280	8,183
Regional high school taxes	A-17	4,682,111	4,389,139
Local district school taxes	A-18	8,763,478	8,743,019
Municipal open space tax	A-24	483,657	481,203
Other debits to income			
Revenue accounts receivable			
refunds and adjustments		-	4,850
Prior year Senior Citizen deduction disallowed		-	1,000
Prior year adjustment - cancellation of receivables	A-11	3,823	-
Total expenditures		<u>21,618,651</u>	<u>21,208,615</u>

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>2020</u>	<u>2019</u>
Regulatory excess to fund balance		\$ 801,307	\$ 489,187
Balance January 1,	A	863,718	731,531
		<u>1,665,025</u>	<u>1,220,718</u>
Decreased by			
Utilized as anticipated revenue	A-2	<u>407,000</u>	<u>357,000</u>
Balance December 31,	A	<u><u>\$ 1,258,025</u></u>	<u><u>\$ 863,718</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues - Regulatory Basis
Current Fund
For the Year Ended December 31, 2020

	Ref.	Anticipated		Realized	Excess or Deficit
		Unaudited Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	A-1	\$ 407,000	\$ -	\$ 407,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-9	4,800	-	4,800	-
Fees and permits	A-2	9,600	-	26,302	16,702
Fines and costs					
Municipal court	A-9	45,000	-	34,760	(10,240)
Interest on investments and deposits	A-2	100,027	-	45,372	(54,655)
Uniform construction code fees	A-9	88,000	-	99,989	11,989
Interest & cost on taxes	A-4	47,000	-	62,715	15,715
Energy receipts tax	A-9	334,005	-	334,005	-
Garden state trust fund	A-9	42,285	-	27,412	(14,873)
NJ Division of Criminal Justice - body armor fund	A-12	1,088	-	1,088	-
Recycling grant	A-12	3,672	-	3,672	-
Clean Communities Grant	A-12	24,236	-	24,236	-
Share of court costs - Franklin Township	A-9	33,000	-	34,142	1,142
	A-1	732,713	-	698,493	(34,220)
Receipts from delinquent taxes	A-1;A-2	290,613	-	332,239	41,626
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	3,417,415	-	3,603,183	185,768
Budget totals		4,847,741	-	5,040,915	193,174
Non-budget revenues	A-1;A-2	-	-	21,163	21,163
		\$ 4,847,741	\$ -	\$ 5,062,078	\$ 214,337
	<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, 2020

	Ref.	
Analysis of realized revenues		
Allocation of current tax collections		
Tax collections	A-1; A-7	\$ 20,550,494
Allocated to		
Local district school taxes	A-7	\$ 8,749,918
Regional high school taxes	A-7	4,798,151
County taxes	A-7	3,315,585
Municipal open space tax	A-7	483,657
		17,347,311
Balance for support of municipal budget appropriations		3,203,183
Add: appropriation - reserve for uncollected taxes	A-3	400,000
Realized for support of municipal budget	A-2	\$ 3,603,183
Analysis of delinquent tax collections		
Taxes receivable	A-7	\$ 307,039
Tax title liens	A-8	25,200
Receipts from delinquent tax collections	A-2	\$ 332,239
Fees and permits analysis		
Planning Board & Board of Adjustment		\$ 2,947
Police Department		7,619
Police services administration fees		835
Public works		4,500
Board of Health		20,665
Clerk		1,420
Assessor		70
	A-4	\$ 38,056
Less: fees refunded	A-4	11,754
	A-2	\$ 26,302
Interest on investments and deposits analysis		
Treasurer	A-2;A-4	\$ 45,372

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

Analysis of realized revenues (continued)

	Ref.	
Analysis of non-budget revenue		
Treasurer		
Cable TV franchise fee		\$ 9,238
Veteran's and Senior Citizen's - Administrative fees		703
Insurance dividend		7,539
Miscellaneous other		3,758
	A-4	\$ 21,238
Less: refunds	A-4	75
	A-2	\$ 21,163

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis
Current Fund
For the Year Ended December 31, 2020

	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	\$ 19,800	\$ 19,800	\$ 19,788	\$ 12	\$ -	\$ -
Municipal clerk						
Salaries and wages	71,530	71,530	55,265	16,265	-	-
Postage & legal						
advertising	15,000	15,000	12,334	2,666	-	-
Other expenses	48,100	48,100	30,034	18,066	-	-
Elections						
Other expenses	4,300	4,300	2,153	2,147	-	-
Financial administration						
Salaries and wages	106,600	106,600	106,556	44	-	-
Other expenses	6,900	6,900	922	5,978	-	-
Audit services	30,500	30,500	30,500	-	-	-
Assessment of taxes						
Salaries and wages	37,000	37,000	36,965	35	-	-
Maintenance of						
tax map	3,000	3,000	1,140	1,860	-	-
Other expenses	2,350	2,350	1,458	892	-	-
Collection of taxes						
Salaries and wages	43,750	43,750	43,720	30	-	-
Other expenses	3,300	3,300	2,536	764	-	-
Legal services and costs						
Other expenses	45,000	45,000	31,509	13,491	-	-
Municipal prosecutor						
Salaries and wages	17,780	17,780	17,772	8	-	-
Engineering services						
and costs						
Other expenses	12,000	12,000	4,195	7,805	-	-
Public buildings and grounds						
Salaries and wages - Dilts Farm	8,650	8,650	8,650	-	-	-
Salaries and wages -						
buildings & grounds	11,130	11,130	11,128	2	-	-
Expense of Dilts Farm	30,200	30,200	19,571	10,629	-	-
Other expenses	30,490	30,490	27,091	3,399	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Operations within CAPS (cont'd)						
General government (cont'd)						
Land use administration						
Planning board						
Salaries and wages	\$ 10,830	\$ 10,830	\$ 10,824	\$ 6	\$ -	\$ -
Other expenses	3,750	3,750	1,929	1,821	-	-
Zoning board						
Salaries and wages	7,930	7,930	7,927	3	-	-
Other expenses	1,250	1,250	329	921	-	-
Shade tree commission						
Other expenses	800	800	310	490	-	-
Board of adjustment						
Salaries and wages	13,650	13,650	13,630	20	-	-
Other expenses	10,745	10,745	3,616	7,129	-	-
Environmental commission						
Salaries and wages	1,625	1,625	1,624	1	-	-
Other expenses	2,950	2,950	2,704	246	-	-
Insurance						
Employee group health	423,000	423,000	365,762	57,238	-	-
Surety bond premiums	3,000	3,000	1,370	1,630	-	-
Other insurance premiums	160,000	160,000	133,155	26,845	-	-
Public safety						
Fire						
Aid to volunteer fire companies	84,000	84,000	84,000	-	-	-
Police						
Salaries and wages	835,425	835,425	817,607	17,818	-	-
Other expenses	51,750	51,750	36,632	15,118	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Operations within CAPS (cont'd)						
Public safety (cont'd)						
Office of emergency management						
Salaries and wages	\$ 15,480	\$ 15,480	\$ 11,475	\$ 4,005	\$ -	\$ -
Other expenses	3,000	3,000	740	2,260	-	-
First aid organization - contribution	21,000	21,000	21,000	-	-	-
Streets and roads						
Road repairs and maintenance						
Salaries and wages	506,000	506,000	426,146	79,854	-	-
Other expenses	225,250	225,250	98,219	127,031	-	-
Health and welfare						
Board of health						
Salaries and wages	22,150	22,150	5,432	16,718	-	-
Other expenses	5,400	5,400	492	4,908	-	-
Expenses of visiting homemakers						
Other expenses	550	550	-	550	-	-
Municipal court						
Salaries and wages	58,000	58,000	47,867	10,133	-	-
Other expenses	26,650	26,650	24,756	1,894	-	-
Public defender						
Other expenses	2,500	2,500	2,346	154	-	-
Contribution to senior citizens center	4,000	4,000	4,000	-	-	-
Senior health services	220	220	-	220	-	-
Pet regulation	6,000	6,000	5,941	59	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Operations within CAPS(cont'd)						
General government (cont'd)						
Board of recreation commissioners						
Other expenses	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Historical preservation society						
Other expenses	3,000	3,000	3,000	-	-	-
Construction official						
Salaries and wages	61,710	61,710	48,958	12,752	-	-
Other expenses	8,300	8,300	5,455	2,845	-	-
Sub code officials						
Plumbing inspector						
Salaries and wages	15,000	15,000	13,897	1,103	-	-
Electrical inspector						
Salaries and wages	22,650	22,650	21,649	1,001	-	-
Unclassified						
Gasoline & diesel fuel	47,500	47,500	27,176	20,324	-	-
Fuel oil	11,500	11,500	6,313	5,187	-	-
Electricity	20,000	20,000	17,536	2,464	-	-
Telephone	24,000	24,000	20,228	3,772	-	-
Street lighting	6,200	6,200	4,311	1,889	-	-
Data processing services	23,100	23,100	16,819	6,281	-	-
Accumulated leave compensation	5,000	5,000	5,000	-	-	-
Total operations within CAPS	3,322,245	3,322,245	2,803,462	518,783	-	-
Contingent	50	50	-	50	-	-
Total operations including contingent within CAPS	3,322,295	3,322,295	2,803,462	518,833	-	-
Detail						
Salaries and wages	1,892,690	1,892,690	1,732,821	159,869	-	-
Other expenses (including contingent)	1,429,605	1,429,605	1,070,641	358,964	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Statutory expenditures						
Contribution to						
Public employees						
retirement system	\$ 100,400	\$ 100,400	\$ 100,380	\$ 20	\$ -	\$ -
Social Security						
system (OASI)	150,000	150,000	127,712	22,288	-	-
Police and Firemen's						
retirement system	181,950	181,950	181,913	37	-	-
Defined contribution retirement						
program	5,000	5,000	1,948	3,052	-	-
Total deferred charges and						
statutory expenditures -						
Municipal within CAPS	437,350	437,350	411,953	25,397	-	-
Total general appropriations						
for municipal purposes						
within CAPS	3,759,645	3,759,645	3,215,415	544,230	-	-
Operations excluded from CAPS						
LOSAP (Fire Company)						
Other expenses	31,000	31,000	-	31,000	-	-
NJPDES Storm water permit						
street division						
Other expenses	3,500	3,500	388	3,112	-	-
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, 2020

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Operations excluded from CAPS (cont'd)						
Other operations excluded from CAPS (cont'd)						
Public & private programs offset by revenues						
Clean Communities Program	\$ 24,236	\$ 24,236	\$ 24,236	\$ -	\$ -	\$ -
NJ Division of Criminal Justice - body armor fund	1,088	1,088	1,088	-	-	-
Recycling grant	3,672	3,672	3,672	-	-	-
Total operations excluded from CAPS	<u>68,496</u>	<u>68,496</u>	<u>29,384</u>	<u>39,112</u>	<u>-</u>	<u>-</u>
Detail						
Other expenses	<u>68,496</u>	<u>68,496</u>	<u>29,384</u>	<u>39,112</u>	<u>-</u>	<u>-</u>
Capital improvements - excluded from CAPS						
Reserves for						
Purchase of various police equipment	20,000	20,000	20,000	-	-	-
Purchase of fire equipment	15,000	15,000	15,000	-	-	-
Capital improvement fund	205,000	205,000	205,000	-	-	-
Total capital improvements excluded from CAPS	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to the financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Municipal debt service excluded from CAPS						
Payment of bond principal	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -
Payment of bond anticipation notes	76,600	76,600	-	-	76,600	-
Interest on bonds	98,000	98,000	97,656	-	344	-
Interest on notes	55,000	55,000	54,200	-	800	-
Total debt service excluded from CAPS	<u>379,600</u>	<u>379,600</u>	<u>301,856</u>	<u>-</u>	<u>77,744</u>	<u>-</u>
Total general appropriations, for municipal Purposes excluded from CAPS	688,096	688,096	571,240	39,112	77,744	-
Subtotal general appropriations	4,447,741	4,447,741	3,786,655	583,342	77,744	-
Reserve for uncollected taxes	400,000	400,000	400,000	-	-	-
Total general appropriations	<u>\$ 4,847,741</u>	<u>\$ 4,847,741</u>	<u>\$ 4,186,655</u>	<u>\$ 583,342</u>	<u>\$77,744</u>	<u>\$ -</u>
<u>Ref.</u>	A-2	A-3	A-1;A-3	A;A-1	Reserve	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, 2020

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 3,602,463
Reserve for uncollected taxes	A-2	400,000
Reserve for encumbrances	A-14	9,670
Due to general capital fund	A-23	240,000
Appropriated reserve for grants	A-25	28,996
		4,281,129
Less		
Appropriation refunds	A-4	94,474
	A-3	\$ 4,186,655
Appropriations		
Budget	A-2	\$ 4,847,741
Added by N.J.S.A. 40A:4-87	A-2	-
	A-3	\$ 4,847,741

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Assets			
Animal control fund			
Cash - Treasurer	B-1	\$ 3,542	\$ 8,674
Other trust funds			
Cash - Treasurer	B-1	580,684	590,691
LOSAP investments (unaudited)	B-1	610,041	527,449
Loans receivable	B-6	55,141	55,141
		<u>1,245,866</u>	<u>1,173,281</u>
Open space fund			
Cash - Treasurer	B-1	1,055,434	1,032,720
Total assets		<u>\$ 2,304,842</u>	<u>\$ 2,214,675</u>
Liabilities and reserves			
Animal control fund			
Reserve for animal control expenditures	B-3	\$ 3,542	\$ 8,669
Due to State of New Jersey	B-4	-	5
		<u>3,542</u>	<u>8,674</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Liabilities and reserves (continued)			
Open space fund			
Reserve for open space	B-7	\$ 1,055,434	\$ 1,032,720
Other trust funds			
Reserve for loans receivable	B-6	55,141	55,141
Reserve for road improvements	B-8	65,176	65,176
Reserve for road opening permits	B-9	4,000	4,000
Reserve for quarry ordinance	B-10	2,916	2,916
Reserve for cash bonds	B-11	1,019	1,019
Reserve for miscellaneous trust	B-12	1,786	1,786
Reserve for escrow	B-13	83,211	90,805
Reserve for unemployment	B-14	65,268	67,473
Reserve for recreation	B-15	18,006	11,566
Reserve for Sutton Burial Ground	B-16	8,677	8,628
Reserve for developer's deposits - COAH	B-17	168,892	142,905
Reserve for COAH - interest	B-18	30,661	29,631
Reserve for insurance	B-19	18,474	18,474
Reserve for Public Defender	B-20	4,737	4,662
Reserve for POAA	B-21	30	30
Reserve for fire fighter training & equipment	B-22	23	3,000
Reserve for environmental trust	B-23	1,265	1,795
Reserve for quarry reclamation fund	B-24	37,579	35,378
Reserve for tax premiums	B-25	20,800	57,800
Reserve for farmer's market	B-26	1,379	2,112
Reserve for retirement	B-27	15,018	10,018
Reserve for snow removal	B-28	13,000	13,000
Reserve for payroll withholdings	B-29	2,000	2,000
Reserve for police building	B-30	4,889	4,639
Reserve for police equipment insurance	B-31	4,378	4,378
Reserve for police cameras	B-32	7,500	7,500
Reserve for LOSAP (unaudited)	B-33	610,041	527,449
		<u>1,245,866</u>	<u>1,173,281</u>
Total liabilities and reserves		<u>\$ 2,304,842</u>	<u>\$ 2,214,675</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Assets			
Cash	C-2	\$ 1,482,957	\$ 1,036,825
Deferred charges to future taxation			
Funded	C-7	8,819,000	6,036,000
Unfunded	C-8	<u>21,850</u>	<u>2,822,290</u>
Total assets		<u>\$ 10,323,807</u>	<u>\$ 9,895,115</u>
Liabilities, reserves and fund balance			
General serial bonds payable	C-17	\$ 8,819,000	\$ 6,036,000
Bond anticipation note payable	C-19	-	2,710,000
Improvement authorizations			
Funded	C-9	510,173	168,561
Unfunded	C-9	-	565,431
Capital improvement fund	C-10	112,054	1,465
Reserves for			
Payment of debt service	C-11	388,261	-
Purchase of various equipment	C-12	105,272	121,608
Improvement of municipal facilities	C-13	-	10,000
Guard rails	C-14	-	2,325
Road improvements	C-15	-	1,928
Encumbrances	C-16	101,410	266,424
Fund balance	C-1	<u>287,637</u>	<u>11,373</u>
Total liabilities, reserves and fund balance		<u>\$ 10,323,807</u>	<u>\$ 9,895,115</u>
Bonds and notes authorized but not issued	C-18	<u>\$ 21,850</u>	<u>\$ 112,290</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>2020</u>	<u>2019</u>
Balance - January 1	C	\$ 11,373	\$ 25,170
Increased by			
Cancellation of grant balances	C-6	83,978	-
Premium on bond sale	C-2	214,166	-
Premium on bond anticipation note		-	11,249
		<u>309,517</u>	<u>36,419</u>
Decreased by			
Appropriated to Finance			
Improvement authorizations		-	25,000
Bond issuance costs	C-2	21,880	-
Applied to reserve for debt service		-	46
		<u>-</u>	<u>46</u>
Balance - December 31	C	<u>\$ 287,637</u>	<u>\$ 11,373</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>2020</u>	<u>2019</u>
General fixed assets		
Land	\$ 2,577,600	\$ 2,577,600
Building & building improvements	1,124,317	1,116,525
Machinery & equipment	619,226	619,226
Vehicles	<u>2,913,447</u>	<u>2,874,353</u>
	<u>\$ 7,234,590</u>	<u>\$ 7,187,704</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, 2020 and 2019

Note 1 - Summary of significant accounting policies

Description of reporting entity

The Township of Delaware (the Municipality) is located in the County of Hunterdon, State of New Jersey, which was incorporated by an Act of the New Jersey Legislature on April 2, 1838. The Municipality is governed by a five-member committee, which includes a Mayor.

Component unit

Except as noted below, the Financial Statements - Regulatory Basis of 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.

The financial statements of the component unit of the Municipality are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. The following Authority is considered a component unit of the Municipality.

Delaware Township Municipal Utilities Authority
P.O. Box 103
Sergeantsville, NJ 08557

The Authority's financial statements are presented in a separate audit report as required by N.J.A.C. 5:31-7.6.

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:

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting policies (continued)

Description of funds and account group (continued)

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.

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.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

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.

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

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

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 relating to permanent debt issued are shown as funded. 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. The Municipality defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 5 years.

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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

No depreciation has been provided for in the financial statements.

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

Compensated absences - are granted to employees for varying amounts of sick and vacation leave in accordance with the Municipality's personnel policy and bargaining agreements, which permits employees to accumulate unused leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the Municipality for the unused leave.

The liability for compensated absences has not been accrued. Expenditures are recognized as the payments are made.

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:

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting polices (continued)

Departures from generally accepted accounting principles (continued)

1. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
2. Expenditures - GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
3. 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.
4. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
5. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
6. Grant Accounting - GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
7. Capital Funds - GAAP requires separate funds for recording capital projects and payment of debt service. New Jersey requires records these transactions within one fund.
8. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
9. Losses arising from tax appeals and other contingencies are not recorded until paid.
10. Financial Reporting Model - These statements are not presented on the requirements as promulgated by the following GASB Statements which made a dramatic change to the financial reporting requirements of State and Local governments as it relates to reporting for GAAP purposes:

GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions - Information regarding pension activity is disclosed rather than reported.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Information regarding postemployment benefits other than pensions are disclosed rather than reported.

GASB Statement No. 84, Fiduciary Activities - This statement made dramatic changes to the financial reporting requirements relating to trust funds.

GASB Statement No. 87, Leases - Information regarding leases are disclosed rather than reported.

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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 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, 2020 and 2019, the Municipality's bank balances of \$9,052,857 and \$7,843,256, respectively, were exposed to custodial credit risk as follows:

	2020	2019
Insured by the FDIC	\$ 337,790	\$ 340,504
Uninsured and collateralized with securities held by pledging financial institutions	8,715,057	7,502,752
Total	\$ 9,052,847	\$ 7,843,256

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.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 3 - Tax assessments and property taxes (continued)

Upon the filing of certified adopted budgets by the Municipality, the Municipality's Local School, and the County, the tax rate is determined 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.

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 statutory debt condition - annual debt statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.97%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local school district debt	\$ 3,355,000	\$ 3,355,000	\$ -
Regional school district debt	191,992	191,992	-
General debt	8,840,850	388,261	8,452,589
	<u>\$ 12,387,842</u>	<u>\$ 3,935,253</u>	<u>\$ 8,452,589</u>

Net debt \$8,452,589 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$867,745,624 equals 0.97%.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 4 - Long-term debt (continued)
Borrowing power under N.J.S.A. 40A:2-6 as amended

3 ½% of equalized valuation basis (municipal)	\$ 30,371,097
Net debt	8,452,589
Remaining borrowing power	\$ 21,918,508

Changes in long-term debt

During the years ended December 31, 2019 and 2020, the following changes occurred in long-term debt.

	Balance 01/01/20	Additions	Reductions	Balance 12/31/20
Issued debt				
General capital				
Bonds	\$ 6,036,000	\$ 3,245,000	\$ 462,000	\$ 8,819,000
Notes	2,710,000	-	2,710,000	-
Authorized but not issued debt				
General capital				
Bonds and notes	112,290	245,000	335,440	21,850
Total	\$ 8,858,290	\$ 3,490,000	\$ 3,507,440	\$ 8,840,850

	Balance 01/01/19	Additions	Reductions	Balance 12/31/19
Issued debt				
General capital				
Bonds	\$ 6,493,000	\$ -	\$ 457,000	\$ 6,036,000
Notes	2,000,000	861,893	151,893	2,710,000
Authorized but not issued debt				
General capital				
Bonds and notes	729,921	671,325	1,288,956	112,290
Total	\$ 9,222,921	\$ 1,533,218	\$ 1,897,849	\$ 8,858,290

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 4 - Long-term debt (continued)

General Obligation Bonds - General obligation bonds at December 31, 2020 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%.	\$	4,000
\$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%.		425,000
\$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%.		5,145,000
\$3,245,000 - 2020 general obligation bonds due in annual installments of \$210,000 to \$420,000 beginning February 15, 2021 through February 15, 2030, interest at 2.00% to 4.00%.		3,245,000
Total	\$	8,819,000

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 667,000	\$ 277,366	\$ 944,366
2022	682,000	248,718	930,718
2023	500,000	227,563	727,563
2024	545,000	211,169	756,169
2025	595,000	192,694	787,694
2026 - 2030	3,265,000	703,062	3,968,062
2031 - 2035	1,490,000	374,625	1,864,625
2036 - 2038	1,075,000	87,400	1,162,400
Total	\$ 8,819,000	\$ 2,322,597	\$ 11,141,597

Note 5 - Fund balances appropriated

For the year ended December 31, 2020 and 2019, fund balances which are appropriated in the succeeding year's budget and included as anticipated revenue in their own respective funds are as follows:

	2020	2019
Current fund balance appropriated in succeeding year's budget	\$ 530,000	\$ 407,000

Note 6 - 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:

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 6 - School taxes (continued)

	Local District School Tax		Regional High School Tax	
	Balance 12/31/20	Balance 12/31/19	Balance 12/31/20	Balance 12/31/19
Balance of tax	\$ 4,384,006	\$ 4,412,260	\$ 2,399,020	\$ 2,146,759
Deferred	2,099,980	2,113,540	1,103,575	987,535
Tax payable (prepaid)	<u>\$ 2,284,026</u>	<u>\$ 2,298,720</u>	<u>\$ 1,295,445</u>	<u>\$ 1,159,224</u>

Note 7 - 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 12/31/20	Balance 12/31/19
Prepaid taxes	\$ 162,787	\$ 204,486
Less: discount allowed	-	-
Cash liability for taxes collected in advance	<u>\$ 162,787</u>	<u>\$ 204,486</u>

Note 8 - Pensions

Employees, who are eligible for a pension plan, are enrolled in one of the following pension systems:

- (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's share of net pension liability for the Public Employees' Retirement System.

Public employees' 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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All pension benefits vest after ten years of service.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)
Public employees' retirement system (continued)
Plan description (continued)

The following represents the membership tiers for PERS:

Tier	Definition
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, 2020, 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, 2020.

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 2020, 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, 2020 and 2019

Note 8 - 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 7.50% of base salary effective July 1, 2018.

The Municipality's contractually required contribution rate for the year ended December 31, 2020 and 2019 was 15.50% and 13.10%, respectively, 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 \$115,021 and \$99,655 respectively for the year ending December 31, 2020 and 2019.

Collective net pension liability and actuarial information

The Municipality's proportionate share of the net pension liability for PERS as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Net pension liability	\$ 1,714,605	\$ 1,846,018
Proportionate share	0.0105142855%	0.0120451355%
 Plan fiduciary net position as a percentage of the total pension liability	 58.65%	 56.57%

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)
Public employees' retirement system (continued)
Collective net pension liability and actuarial information (continued)
Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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, 2020 and 2019

Note 8 - Pensions (continued)
Public employees' 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, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk management strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Public employees' 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, 2020 and 2019 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>2020</u>
At current discount rate (7.00%)	\$ 1,714,605
At a 1% lower rate (6.00%)	2,175,374
At a 1% higher rate (8.00%)	1,348,553

<u>Municipality's proportionate share of the net pension liability</u>	<u>2019</u>
At current discount rate (6.28%)	\$ 1,846,018
At a 1% lower rate (5.28%)	2,348,042
At a 1% higher rate (7.28%)	1,446,655

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2020 and 2019, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2020</u>		<u>2019</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	\$ 31,220	\$ 6,064	\$ 33,134	\$ 8,155
Changes of assumptions	55,624	717,921	184,332	640,747
Net difference between projected and actual earnings on pension plan investments	58,607	-	-	29,140
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	68,577	271,675	46,725	363,414
Total	\$ 214,028	\$ 995,660	\$ 264,191	\$ 1,041,456

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Public employees' 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, 2020 and 2019:

<u>December 31, 2020</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 33,134	\$ (1,914)	\$ 31,220
Changes of assumptions	184,332	(128,708)	55,624
Differences between projected and actual earnings on pension plan investments	-	58,607	58,607
Deferred inflows of resources			
Differences between expected and actual experience	(8,155)	2,091	(6,064)
Changes of assumptions	(640,747)	(77,174)	(717,921)
Differences between projected and actual earnings on pension plan investments	(29,140)	29,140	-
Net changes in deferred outflows (inflows) of resources	<u>\$ (460,576)</u>	<u>\$ (117,958)</u>	<u>\$ (578,534)</u>
<u>December 31, 2019</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 45,340	\$ (12,206)	\$ 33,134
Changes of assumptions	391,776	(207,444)	184,332
Deferred inflows of resources			
Differences between expected and actual experience	(12,259)	4,104	(8,155)
Changes of assumptions	(760,205)	119,458	(640,747)
Differences between projected and actual earnings on pension plan investments	(22,301)	\$ (6,839)	\$ (29,140)
Net changes in deferred outflows (inflows) of resources	<u>\$ (357,649)</u>	<u>\$ (102,927)</u>	<u>\$ (460,576)</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Public employees' retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

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 occur in future periods for the year ending December 31, 2020 and 2019 as follows:

	<u>2020</u>		<u>2019</u>
2020	\$ (215,152)	2019	\$ (53,305)
2021	(96,153)	2020	(172,919)
2022	(112,096)	2021	(154,407)
2023	45,330	2022	(72,502)
2024	(9,803)	2023	(7,443)
Total	<u>\$ (578,534)</u>	Total	<u>\$ (460,576)</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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Service cost	\$ 80,998	\$ 71,096
Interest on total pension liability	263,920	210,725
Benefit Changes	(1,809)	-
Member contributions	(57,574)	(48,970)
Administrative expense	1,377	1,297
Expected investment return net of investment expense	(155,365)	(130,753)
Pension expense related to specific liabilities of individual employers	(721)	(612)
Recognition of deferred inflows/outflows of resources	-	
Amortization of expected versus actual experience	18,608	15,865
Amortization of assumption changes or inputs	(137,068)	(48,489)
Amortization of projected versus actual investment earnings on pension plan investments	28,603	15,426
Pension expense	<u>\$ 40,969</u>	<u>\$ 85,585</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (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 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 annually. For the year ended December 31, 2020 and 2019, the Municipality contributed \$1,948 and \$2,720 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 Division’s Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All pension benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the Membership Tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members 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, 2020 and 2019

Note 8 - 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 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 2020, 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, 2020 and 2019 was 32.38% and 28.64%, respectively, 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.

The Municipality contributions were \$205,705 and \$181,913 for the year ending December 31, 2020 and 2019.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - 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 that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a 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 related 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the fiscal year ended June 30, 2020 , the State of New Jersey contributed \$28,413 to the PFRS for normal pension benefits on behalf of the Municipality, which is less than the contractually required contributions of \$41,846.

Collective net pension liability and actuarial information

The Municipality’s proportionate share of the net pension liability for PFRS as of December 31, 2020 and 2019 are as follows:

	2020	2019
Municipality proportionate share of net pension liability	\$ 2,748,448	\$ 2,551,940
Less: State proportionate share of net pension liability	369,242	348,005
Net pension liability	\$ 2,379,206	\$ 2,203,935
Proportionate share	0.0184130296%	0.0180092161%
Plan fiduciary net position as a percentage of the total pension liability	63.52%	65.00%

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - 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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate

Price	2.75%
Wage	3.25%

Salary increases (based on years of service)

Through all future years	3.25% - 15.25%
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Investment rate of return

7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - 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>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging market equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - 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, 2020 and 2019 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>	2020
At current discount rate (7.00%)	\$ 2,748,448
At a 1% lower rate (6.00%)	3,654,870
At a 1% higher rate (8.00%)	1,995,595
<u>Municipality's proportionate share of the net pension liability</u>	2019
At current discount rate (6.85%)	\$ 2,551,940
At a 1% lower rate (5.85%)	3,449,294
At a 1% higher rate (7.85%)	1,809,252

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2020 and 2019, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,986	\$ 8,539	\$ 18,604	\$ 13,954
Changes of assumptions	5,987	637,851	75,519	712,292
Net difference between projected and actual earnings on pension plan investments	139,504	-	-	29,863
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	99,726	-	73,207	-
Total	\$ 269,203	\$ 646,390	\$ 167,330	\$ 756,109

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - 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, 2020 and 2019:

<u>December 31, 2020</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 18,604	\$ 5,382	\$ 23,986
Changes of assumptions	75,519	(69,532)	5,987
Differences between projected and actual earnings on pension plan investments	-	139,504	139,504
Deferred inflows of resources			
Differences between expected and actual experience	(13,954)	5,415	(8,539)
Changes of assumptions	(712,292)	74,441	(637,851)
Differences between projected and actual earnings on pension plan investments	(29,863)	29,863	-
Net changes in deferred outflows (inflows) of resources	<u>\$ (661,986)</u>	<u>\$ 185,073</u>	<u>\$ (476,913)</u>
<u>December 31, 2019</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 24,454	\$ (5,850)	\$ 18,604
Changes of assumptions	206,321	(130,802)	75,519
Deferred inflows of resources			
Differences between expected and actual experience	(9,947)	(4,007)	(13,954)
Changes of assumptions	(616,013)	(96,279)	(712,292)
Differences between projected and actual earnings on pension plan investments	(13,150)	(16,713)	(29,863)
Net changes in deferred outflows (inflows) of resources	<u>\$ (408,335)</u>	<u>\$ (253,651)</u>	<u>\$ (661,986)</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - 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 for the year ending December 31, 2020 and 2019 as follows:

	2020		2019
2021	\$ (222,558)	2020	\$ (115,543)
2022	(150,200)	2021	(242,542)
2023	(61,147)	2022	(171,771)
2024	(23,099)	2023	(84,671)
2025	(19,909)	2024	(47,459)
Total	\$ (476,913)	Total	\$ (661,986)

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, 2020 and 2019 are as follows:

	2020	2019
Service cost	\$ 143,553	\$ 151,380
Interest on total pension liability	505,672	476,962
Member contributions	(66,554)	(64,606)
Administrative expense	2,011	1,014
Expected investment return net of investment expense	(317,191)	(302,019)
Transfers between State and Local employers	-	-
Pension expense related to specific liabilities of individual employers	(1,292)	(1,463)
Recognition of deferred inflows/outflows of resources	-	-
Amortization of assumption changes or inputs	2,904	(71,819)
Amortization of expected versus actual experience	(163,285)	(2,098)
Amortization of projected versus actual investment earnings on pension plan investments	-	49,981
Less: state proportionate share of employer expense	67,670	40,435
Pension expense	\$ (41,846)	\$ 196,897

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - 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.

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.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

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, 2019 and 2018 were \$127,886 and \$127,886, 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, 2019 and 2018 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 employers 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, 2018 through June 30, 2019. 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.

Components of net OPEB liability

The Municipality's proportionate share of the net OPEB liability of the participating employers in the SHBP as of December 31, 2019 and 2018 were as follows:

	2019	2018
Net OPEB liability	\$ 3,270,563	\$ 4,084,444
Proportionate share	0.024144%	0.026071%
 Plan fiduciary net position as a percentage of the total OPEB liability	 1.98%	 1.97%

The net OPEB liability as of December 31, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)
Components of net OPEB liability (continued)

Inflation rate	2.50%
Salary increases (based on years of service)	
PERS	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS	
Rate for all future years	3.25% to 15.25%

Mortality:

PERS	Pub-2010 General classification head count weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively

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

Healthcare trend assumptions

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

Discount rate

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

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, 2019 and 2018, 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-percentage point higher than the current rate:

	2019	2018
At current discount rate (3.50% and 3.87%)	\$ 3,270,563	\$ 4,084,444
At a 1% lower rate (2.50% and 2.87%)	3,781,603	4,792,133
At a 1% higher rate (4.50% and 4.87%)	2,855,276	3,519,161

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, 2019 and 2018, 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-percentage point higher than the current rate:

	2019	2018
Healthcare cost trend rate	\$ 3,270,563	\$ 4,084,444
At a 1% lower rate (1% decrease)	2,759,952	3,407,081
At a 1% higher rate (1% increase)	3,921,934	4,961,052

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2019 and 2018, the Municipality reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 956,440	\$ -	\$ 829,288
Changes of assumptions	-	1,159,015	-	1,036,073
Net difference between projected and actual earnings on OPEB plan investments	2,694	-	2,158	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	57,477	609,768	66,838	269,363
Total	\$ 60,171	\$ 2,725,223	\$ 68,996	\$ 2,134,724

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, 2019 and 2018, respectively:

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

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

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

<u>December 31, 2019</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between projected and actual investment earnings on OPEB plan investments	\$ 1,999	\$ 695	\$ 2,694
Deferred inflows of resources			
Differences between expected and actual experience	(767,992)	(188,448)	(956,440)
Changes of assumptions	(959,493)	(199,522)	(1,159,015)
Net changes in deferred outflows (inflows) of resources	<u>\$ (1,725,486)</u>	<u>\$ (387,275)</u>	<u>\$ (2,112,761)</u>

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, 2019.

2021	\$ (344,101)
2022	(344,101)
2023	(344,312)
2024	(344,653)
2025	(344,965)
Thereafter	(390,629)
Total	<u>\$ (2,112,761)</u>

<u>December 31, 2018</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between projected and actual investment earnings on OPEB plan investments	\$ 912	\$ 1,246	\$ 2,158
Deferred inflows of resources			
Differences between expected and actual experience	-	(829,288)	(829,288)
Changes of assumptions	(590,763)	(445,310)	(1,036,073)
Net changes in deferred outflows (inflows) of resources	<u>\$ (589,851)</u>	<u>\$ (1,273,352)</u>	<u>(1,863,203)</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

Collective deferred outflows of resources and deferred inflows of resources (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,

2020	\$ (273,586)
2021	(273,586)
2022	(273,586)
2023	(273,815)
2024	(274,183)
Thereafter	(494,447)
Total	\$ <u>(1,863,203)</u>

The year of deferral for the differences between projected and actual investment earnings on OPEB plan investments was 2019 and 2018 and the amortization period was 5 years for each year. The year of deferral for the change of assumptions was 2018 and 2019 and the amortization period was 8.14 years and 8.05 years, respectively.

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 8.14 years for the 2018 amounts and 8.05 years for 2019.

OPEB (benefit) expense

The components of allocable OPEB (benefit) expense, which exclude OPEB (benefit) expense related to specific liabilities of individual employers, for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Service cost	\$ 160,939	\$ 233,657
Interest on total OPEB liability	153,576	199,204
Expected investment return	(2,725)	(2,448)
Administrative expense	2,288	2,138
Changes in benefit terms	(460)	-
Current period recognition (amortization) of deferred inflows/outflows of resources	(149,549)	(116,147)
Changes of assumptions	(195,416)	(158,036)
Differences between projected and actual investment earnings on OPEB plan investments	864	597
Total OPEB (benefit) expense	<u>\$ (30,483)</u>	<u>\$ 158,965</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 10 - Compensated absences

The Municipality 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. At December 31, 2020 and 2019, the Municipality's liability is approximately \$79,998 and \$84,910, respectively.

Note 11 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2020 and 2019:

	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Land	\$ 2,577,600	\$ -	\$ -	\$ 2,577,600
Building & building improvements	1,116,525	7,792	-	1,124,317
Furniture, machinery, & equipment	619,226	-	-	619,226
Vehicles	2,874,353	39,094	-	2,913,447
Total	<u>\$ 7,187,704</u>	<u>\$ 46,886</u>	<u>\$ -</u>	<u>\$ 7,234,590</u>

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Land	\$ 2,577,600	\$ -	\$ -	\$ 2,577,600
Building & building improvements	1,116,525	-	-	1,116,525
Furniture, machinery, & equipment	576,418	42,808	-	619,226
Vehicles	2,874,353	-	-	2,874,353
Total	<u>\$ 7,144,896</u>	<u>\$ 42,808</u>	<u>\$ -</u>	<u>\$ 7,187,704</u>

Note 12 - Contingent liabilities

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 13 - Economic dependency

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, 2020 and 2019

Note 14 - Interfunds receivable and payable

As of December 31, 2020 and 2019, there were no interfund balances.

Note 15 - 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, 2020 and 2019

Note 15 - Risk management (continued)
New Jersey Unemployment Compensation Insurance (continued)

Years	Municipal Deposits	Amount Reimbursed	Employee Contributions	Ending Balance
2020	\$ -	\$ 5,383	\$ 3,178	\$ 65,268
2019	-	10,830	3,731	67,473
2018	-	6,483	2,733	74,572

Note 16 - Union contracts

As of December 31, 2020, 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 and renewed for January 1, 2020 to December 31, 2022.

Note 17 - 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.

All investments are maintained with the Lincoln Financial Group, an authorized provider approved by the Division of Local Government Services in accordance with N.J.A.C. 5:30-14.37; and are retained in the name of the Municipality. According to the Program, all forfeited account balances are to be returned to the Municipality. For the years ending December 31, 2020 and 2019, no account balances were forfeited. The balance in the account on December 31, 2020 and 2019 amounted to \$610,041 and \$527,449, respectively. Contributions by the Municipality for qualified participants were \$26,450 and \$25,300 for 2020 and 2019, respectively.

Note - 18 Risks and uncertainties

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 18 - Risks and uncertainties (continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality's financial condition, liquidity, and future results of operations.

Note 19 - Subsequent events

The Municipality has determined that no material events or transactions have occurred subsequent to December 31, 2020 and through September 13, 2021 the date of the Municipality's financial statement issuance, which requires additional financial disclosure in the Municipality's financial statements.

SUPPLEMENTARY SCHEDULES

**TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON**

2020

CURRENT FUND

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash - Treasurer

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2019	A	\$ 5,040,120	\$ 215,512
Increased by receipts			
Non-budget revenue	A-2	\$ 21,238	\$ -
Interest and cost on taxes	A-2	62,715	-
Interest on investments and deposits	A-2	45,372	-
Fees & permits	A-2	38,056	-
Appropriation refunds	A-3	94,474	-
State of NJ - Veteran's & Senior Citizen's deductions	A-6	35,156	-
Taxes receivable	A-7	20,600,355	-
Tax title liens receivable	A-8	25,200	-
Revenue accounts receivable	A-9	535,108	-
Grants receivable	A-12	-	1,088
Prepaid taxes	A-15	162,787	-
Tax overpayments	A-16	61,036	-
Due county - food inspection fees	A-20	1,500	-
Due NJ - state training fees	A-21	11,577	-
Due NJ - marriage licenses & domestic partnership fees	A-22	300	-
Unappropriated reserves for grants	A-26	-	29,622
Due from regular fund	A-27	-	3,823
		21,694,874	34,533
		26,734,994	250,045

See independent auditors' report.

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

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2019 budget appropriations	A-3	\$ 3,602,463	\$ -
2018 appropriation reserves	A-13	70,622	-
Fees and permits refunded	A-2	11,754	-
Non-budget revenue refunded	A-2	75	-
Change fund	A-10	75	-
Due to grant fund	A-11	3,823	-
Tax overpayments refunded	A-16	15,611	-
Regional high school tax payable	A-17	4,545,890	-
Local school tax payable	A-18	8,778,172	-
County taxes payable	A-19	3,315,488	-
Due county - food inspection fees	A-20	1,100	-
Due NJ - state training fees	A-21	10,772	-
Due NJ - marriage licenses & domestic partnership fees	A-22	350	-
Due to general capital fund	A-23	240,000	-
Due to open space trust fund	A-24	483,657	-
Appropriated reserves for state grants	A-25	-	16,692
Due from general capital fund	A-28	-	83,980
		<u>\$ 21,079,852</u>	<u>\$ 100,672</u>
Balance - December 31, 2020	A : A-5	<u>\$ 5,655,142</u>	<u>\$ 149,373</u>

See independent auditors' report.

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

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2020	A-4	\$ 5,655,142	\$ 149,373
Increased by			
Receipts		12,786,311	27,354
		18,441,453	176,727
Decreased by			
Disbursements		13,731,737	30,930
Balance - July 31, 2021		\$ 4,709,716	\$ 145,797
Cash reconciliation - July 31, 2021			
Balance per statement			
Northfield Bank		\$ 4,648,156	\$ 124,148
Add: deposit-in-transit		347,293	22,984
Subtotal		4,995,449	147,132
Less: outstanding checks		285,733	1,335
Book balance		\$ 4,709,716	\$ 145,797

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, 2019	A	\$ 21,680
Increased by		
Receipts	A-4	<u>35,156</u>
		56,836
Decreased by		
Veteran's deductions per tax billings		\$ 32,250
Senior Citizen's deductions per tax billings		2,750
Veteran's and Senior Citizen's deductions allowed by tax collector		<u>750</u>
		35,750
Less: Senior Citizen's deductions disallowed by collector		<u>360</u>
	A-7	\$ 35,390
Prior year adjustment	A-1	<u>21,000</u>
		<u>56,390</u>
Balance - December 31, 2020	A	<u><u>\$ 446</u></u>

See independent auditors' report.

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

Year	Balance	2020 Levy	Added	Collected		Transferred	Senior	Tax	Adjustment/ Cancellations	Balance
	12/31/19		2020	2019	2020	to Tax Title Liens	Citizens & Veterans' Deductions	Overpayment Applied		12/31/20
2017	\$ 1,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,469
2018	291,413	-	15,626	-	307,039	-	-	-	-	-
2019	-	20,810,861	-	204,486	20,293,316	6,801	35,390	17,302	30,919	222,647
	<u>\$ 292,882</u>	<u>\$ 20,810,861</u>	<u>\$ 15,626</u>	<u>\$ 204,486</u>	<u>\$ 20,600,355</u>	<u>\$ 6,801</u>	<u>\$ 35,390</u>	<u>\$ 17,302</u>	<u>\$ 30,919</u>	<u>\$ 224,116</u>
<u>Ref.</u>	A	Reserve	Reserve	A-15	A-4	A-8	A-6	A-16	Reserve	A

See independent auditors' report.

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

	<u>Ref.</u>		
Analysis of 2020 property tax			
Tax yield			
General purpose tax			\$ 20,758,963
Added and omitted taxes			<u>51,898</u>
	A-7		<u>\$ 20,810,861</u>
Local district school tax	A-2;A-18		\$ 8,749,918
Regional district school tax	A-2;A-17		4,798,151
County tax		\$ 2,770,630	
County library tax		272,069	
County open space tax		264,606	
County share of added and omitted taxes		<u>8,280</u>	
Total county taxes	A-2;A-19		3,315,585
Municipal open space tax		482,450	
Municipal open space share of added and omitted taxes		<u>1,207</u>	
Total municipal open space tax	A-2;A-24		483,657
Municipal purpose tax	A-2	3,417,415	
Additional tax levied		<u>46,135</u>	
Total municipal purpose tax			<u>3,463,550</u>
	A-7		<u>\$ 20,810,861</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 65,020
Increased by		
Transferred from taxes receivable	A-7	<u>6,801</u>
		71,821
Decreased by		
Receipts	A-4	<u>25,200</u>
Balance - December 31, 2020	A	<u><u>\$ 46,621</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/19</u>	<u>Accrued in 2020</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/20</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 4,800	\$ 4,800	\$ -
Municipal court	A-2	-	34,760	34,760	-
Share of court costs - Franklin Township	A-2	-	34,142	34,142	-
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	-	99,989	99,989	-
		<u>\$ -</u>	<u>\$535,108</u>	<u>\$ 535,108</u>	<u>\$ -</u>
	<u>Ref.</u>	A	Reserve	A-4	A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Change Funds

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 175
Increased by		
Budget appropriation	A-4	<u>75</u>
Balance - December 31, 2020	A	<u><u>\$ 250</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increased by		
Disbursements	A-4	<u>3,823</u>
		3,823
Decreased by		
Cancellation of grant receivables	A-1	<u>3,823</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Grants Receivable

Grant	Balance 12/31/19	Revenue in 2020	Unappropriated Received	Reserve Applied	Canceled Receivable	Balance 12/31/20
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	-
Lower Delaware Wild and Scenic Mini Grant	1,000	-	-	-	1,000	-
Clean communities grant	-	24,236	-	24,236	-	-
Recycling tonnage grant	-	3,672	-	3,672	-	-
NJ Body armor grant	-	1,088	1,088	-	-	-
	<u>\$ 173,406</u>	<u>\$ 28,996</u>	<u>\$ 1,088</u>	<u>\$ 27,908</u>	<u>\$ 173,406</u>	<u>\$ -</u>
Ref.	A	A-2	A-4	A-26	Below	A
				Ref.		
				A-25	\$ 253,565	
				A-27	3,823	
				A-28	(83,980)	
					<u>\$ 173,408</u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves
For the Year Ended December 31, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Municipal clerk					
Salaries and wages	\$ 99	\$ 99	\$ -	\$ 99	\$ -
Postage & legal advertising	1,415	1,431	1,176	255	-
Other expenses	10,765	10,765	2,210	8,555	-
Elections					
Other expenses	593	593	-	593	-
Financial administration					
Salaries and wages	2,500	2,500	-	2,500	-
Other expenses	4,122	4,122	2,400	1,722	-
Assessment of taxes					
Salaries and wages	60	60	-	60	-
Maintenance of tax map	2,855	2,855	2,150	705	-
Other expenses	99	99	-	99	-
Collection of taxes					
Salaries and wages	46	46	-	46	-
Other expenses	1,438	1,438	-	1,438	-
Legal services and costs					
Other expenses	16,032	16,032	75	15,957	-
Municipal prosecutor					
Salaries and wages	228	228	-	228	-
Engineering services and costs					
Other expenses	9,960	9,960	-	9,960	-
Public buildings and grounds					
Salaries and wages - Dilts Farm	20	20	-	20	-
Salaries and wages - buildings & grounds	2,854	2,854	-	2,854	-
Expense of Dilts Farm	217	217	-	217	-
Other expenses	1,995	1,365	337	1,028	-
Planning board					
Salaries and wages	8	8	-	8	-
Other expenses	2,534	2,534	336	2,198	-
Zoning board					
Salaries and wages	428	428	-	428	-
Other expenses	81	81	-	81	-
Shade tree commission					
Other expenses	138	538	450	88	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves (continued)
For the Year Ended December 31, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Board of adjustment					
Salaries and wages	\$ 12	\$ 12	\$ -	\$ 12	\$ -
Other expenses	1,668	1,668	400	1,268	-
Environmental commission					
Salaries and wages	8	8	-	8	-
Other expenses	250	475	175	300	-
Insurance					
Employee group health	64,814	64,814	-	64,814	-
Surety bond premiums	630	630	-	630	-
Other insurance premiums	30,148	30,148	-	30,148	-
Public safety					
Aid to volunteer fire companies	800	1,000	200	800	-
First aid organization					
Contribution	-	2,500	2,500	-	-
Police					
Salaries and wages	42,939	42,939	-	42,939	-
Purchase of police car	1,049	1,049	-	1,049	-
Other expenses	15,557	15,557	2,547	13,010	-
Office of emergency management					
Salaries and wages	4,018	4,018	-	4,018	-
Other expenses	89	89	-	89	-
Streets and roads					
Road repairs and maintenance					
Salaries and wages	78,500	78,500	-	78,500	-
Other expenses	44,080	46,680	19,412	27,268	-
Health and welfare					
Board of health					
Salaries and wages	11,127	11,127	-	11,127	-
Other expenses	4,671	4,671	1,182	3,489	-
Expenses of visiting homemakers					
Other expenses	550	550	-	550	-
Senior health services	220	220	-	220	-
Pet regulation	53	53	-	53	-
Municipal court					
Salaries and wages	7,072	7,072	-	7,072	-
Other expenses	9,009	9,009	195	8,814	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves (continued)
For the Year Ended December 31, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Public defender					
Other expenses	\$ 327	\$ 327	\$ -	\$ 327	\$ -
Historical preservation society					
Other expenses	85	3,085	3,000	85	-
Uniform Construction Code					
Construction official					
Salaries and wages	184	184	-	184	-
Other expenses	1,840	1,840	-	1,840	-
Plumbing inspector					
Salaries and wages	1,434	1,434	-	1,434	-
Electrical inspector					
Salaries and wages	1,755	1,755	-	1,755	-
Unclassified					
Gasoline & diesel fuel	5,128	5,128	1,881	3,247	-
Fuel oil	3,968	3,968	1,075	2,893	-
Electricity	697	1,327	1,325	2	-
Telephone	4,040	4,040	792	3,248	-
Street lighting	1,847	1,847	54	1,793	-
Data processing services	67	367	300	67	-
Statutory expenditures					
Contribution to					
Social Security System (OASI)	14,927	14,927	-	14,927	-
Defined contribution retirement program	388	388	-	388	-
LOSAP (Fire Company)					
Other expenses	30,000	30,000	26,450	3,550	-
NJPDES Storm water permit street division					
Other expenses	3,350	3,350	-	3,350	-
COAH compliance					
Other expenses	5,000	5,000	-	5,000	-
	<u>\$ 450,788</u>	<u>\$ 460,029</u>	<u>\$ 70,622</u>	<u>\$ 389,407</u>	<u>\$ -</u>

Ref. A Below A-4 A-1

	<u>Ref.</u>	
Appropriation reserves	A	\$ 450,788
Reserve for encumbrances	A-14	9,241
		<u>\$ 460,029</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Encumbrances Payable

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 9,241
Increased by		
2020 budget charges	A-3	<u>9,670</u>
		18,911
Decreased by		
Applied to appropriation reserves	A-13	<u>9,241</u>
Balance - December 31, 2020	A	<u><u>\$ 9,670</u></u>

A-15

TOWNSHIP OF DELAWARE
Schedule of Prepaid Taxes

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 204,486
Increased by		
Collection of 2021 taxes	A-4	<u>162,787</u>
		367,273
Decreased by		
Applied to 2020 taxes receivable	A-7	<u>204,486</u>
Balance - December 31, 2020	A	<u><u>\$ 162,787</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Tax Overpayments

	Ref.		
Balance - December 31, 2019	A		\$ 17,302
Increase by			
Overpayment received	A-4		61,036
			78,338
Decrease by			
Applied to 2020 taxes receivable	A-7	\$ 17,302	
Refunded	A-4	15,611	
Overpayments canceled	A-1	162	
			33,075
Balance - December 31, 2020	A		\$ 45,263

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2019			
School tax payable	A	\$ 1,159,224	
School tax deferred (23.00%)		<u>987,535</u>	\$ 2,146,759
Increased by			
Levy - school year July 1, 2020 to June 30, 2021	A-7		<u>4,798,151</u>
			6,944,910
Decreased by			
Disbursements	A-4		<u>4,545,890</u>
Balance - December 31, 2020			
School tax payable	A	1,295,445	
School tax deferred (23.00%)		<u>1,103,575</u>	<u>\$ 2,399,020</u>
2020 Liability for Regional High School Tax			
Tax paid			\$ 4,545,890
Add: tax payable December 31, 2020			<u>1,295,445</u>
			5,841,335
Less: tax payable December 31, 2019			<u>1,159,224</u>
Amount charged to operations	A-1		<u>\$ 4,682,111</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Local School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2019			
School tax payable	A	\$ 2,298,720	
School tax deferred (24.00%)		<u>2,113,540</u>	\$ 4,412,260
Increased by			
Levy - school year July 1, 2020 to June 30, 2021	A-7		<u>8,749,918</u>
			13,162,178
Decreased by			
Disbursements	A-4		<u>8,778,172</u>
Balance - December 31, 2020			
School tax payable	A	2,284,026	
School tax deferred (24.00%)		<u>2,099,980</u>	<u>\$ 4,384,006</u>
2020 Liability for Local School Tax			
Tax paid			\$ 8,778,172
Add: tax payable December 31, 2020			<u>2,284,026</u>
			11,062,198
Less: tax payable December 31, 2019			<u>2,298,720</u>
Amount charged to operations	A-1		<u>\$ 8,763,478</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 8,183
Increased by		
2020 levy		
County taxes		\$ 2,770,630
County library tax		272,069
County open space tax		264,606
County share of added & omitted taxes		<u>8,280</u>
	A-1;A-7	<u>3,315,585</u>
		<u>3,323,768</u>
Decreased by		
Disbursements	A-4	<u>3,315,488</u>
Balance - December 31, 2020	A	<u><u>\$ 8,280</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due to County - Food Inspections

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 4,800
Increased by		
Receipts	A-4	<u>1,500</u>
		<u>6,300</u>
Decreased by		
Disbursements	A-4	<u>1,100</u>
Balance - December 31, 2020	A	<u><u>\$ 5,200</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to NJ - State Training Fees

Balance - December 31, 2019	A	\$ 2,053
Increased by		
Receipts	A-4	<u>11,577</u>
		13,630
Decreased by		
Disbursements	A-4	<u>10,772</u>
Balance - December 31, 2020	A	<u><u>\$ 2,858</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 100
Increased by		
Receipts	A-4	<u>300</u>
		400
Decreased by		
Disbursements	A-4	<u>350</u>
Balance - December 31, 2020	A	<u><u>\$ 50</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increase by		
Disbursements	A-4	<u>240,000</u>
		240,000
Decreased by		
Budget appropriation - capital reserves	A-3	<u>240,000</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

A-24

TOWNSHIP OF DELAWARE
Schedule of Due to Open Space Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increased by		
2020 levy	A-7	<u>483,657</u>
		483,657
Decreased by		
Disbursements	A-4	<u>483,657</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/19	Transferred from 2020 Budget	Paid or Charged	Balance Canceled	Balance 12/31/20
NJ Body armor grant					
Year - 2016	\$ 813	\$ -	\$ 813	\$ -	\$ -
Year - 2018	1,062	-	132	-	930
Year - 2019	1,137	-	-	-	1,137
Year - 2020	-	1,088	-	-	1,088
Office of emergency management - 2005	1,635	-	-	-	1,635
Drunk driving enforcement	179	-	-	-	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	-	6,878	-	19,886
Year 2017	10,291	-	-	-	10,291
Year 2019	4,467	-	-	-	4,467
Year 2020	-	24,236	-	-	24,236
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	186	-	186	-	-
Year - 2016	2,400	-	214	-	2,186
Year - 2018	2,298	-	-	-	2,298
Year - 2019	3,132	-	-	-	3,132
Year - 2020	-	3,672	-	-	3,672
Distracted driving statewide crackdown	5,500	-	-	-	5,500
Holden conservation endowment	110	-	-	-	110
	<u>\$ 360,854</u>	<u>\$ 28,996</u>	<u>\$ 23,850</u>	<u>\$ 253,563</u>	<u>\$ 112,437</u>
Ref.	A	A-3	Below	A-12	A
		Ref.			
Disbursements		A-4	\$ 16,692		
Encumbrance payable		A-29	7,158		
Total paid or charged			<u>\$ 23,850</u>		

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Unappropriated Reserves for Grants

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 27,908
Increased by		
Receipts	A-4	<u>29,622</u>
		57,530
Decreased by		
Appropriated in current year budget	A-12	<u>27,908</u>
Balance - December 31, 2020	A	<u><u>\$ 29,622</u></u>

A-27

TOWNSHIP OF DELAWARE
Schedule of Due From Regular Fund

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increased by		
Grants receivable cancelled	A-12	<u>3,823</u>
		3,823
Decreased by		
Receipts	A-4	<u>3,823</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from General Capital Fund (Grant Fund)

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increased by		
Cancellation of accounts receivables	A-12	<u>83,980</u>
		83,980
Decreased by		
Disbursements	A-4	<u>83,980</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

A-29

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

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 156
Increased by		
Charged to current year appropriations	A-25	<u>7,158</u>
Balance - December 31, 2020	A	<u><u>\$ 7,314</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

2020

TRUST FUND

TOWNSHIP OF DELAWARE
Schedule of Trust Fund Cash - Treasurer

	Ref.	Animal Control Funds	Other Trust Funds	Open Space Fund
Balance - December 31, 2019	B	\$ 8,674	\$ 1,118,140	\$ 1,032,720
Increased by receipts				
Animal control fund	B-3	\$ 12,600	\$ -	\$ -
Due to State of New Jersey	B-4	1,684	-	-
Due from current fund	B-5	-	84,488	-
Reserve for open space	B-7	-	-	861,682
Developers' deposits	B-13	-	24,593	-
Reserve for unemployment	B-14	-	3,178	-
Reserve for recreation	B-15	-	21,015	-
Reserve for Sutton Burial Ground	B-16	-	49	-
Reserve for developer's deposits - COAH	B-17	-	34,376	-
Reserve for COAH - interest	B-18	-	1,030	-
Reserve for public defender	B-20	-	75	-
Reserve for environmental trust	B-23	-	370	-
Reserve for quarry reclamation fund	B-24	-	2,201	-
Reserve for tax sale premiums	B-25	-	16,000	-
Reserve for retirement	B-27	-	5,000	-
Reserve for payroll	B-29	-	2,191,393	-
Reserve for police building	B-30	-	250	-
Reserve for LOSAP (unaudited)	B-33	-	118,450	-
		<u>14,284</u>	<u>2,502,468</u>	<u>861,682</u>
		22,958	3,620,608	1,894,402

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	\$ 17,727	\$ -	\$ -
Due to State of New Jersey	B-4	1,689	-	-
Due from current fund	B-5	-	84,488	-
Reserve for open space	B-7	-	-	838,968
Developers' deposits	B-13	-	32,187	-
Reserve for unemployment	B-14	-	5,383	-
Reserve for recreation	B-15	-	14,575	-
Reserve for developer's deposits - COAH	B-17	-	8,389	-
Reserve for firefighter training & equipment	B-22	-	2,977	-
Reserve for environmental trust	B-23	-	900	-
Reserve for tax sale premiums	B-25	-	53,000	-
Reserve for farmer's market	B-26	-	733	-
Reserve for payroll	B-29	-	2,191,393	-
Reserve for LOSAP	B-33	-	35,858	-
		<u>\$ 19,416</u>	<u>\$ 2,429,883</u>	<u>\$ 838,968</u>
Balance - December 31, 2020	B;B-2	<u>\$ 3,542</u>	<u>\$ 1,190,725</u>	<u>\$ 1,055,434</u>
Analysis of other				
Other trust funds cash	B		\$ 580,684	
LOSAP investments	B		<u>610,041</u>	
			<u>\$ 1,190,725</u>	

See independent auditors' report.

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

	Ref.	Animal Control Funds	Other Trust Funds	Open Space
Balance - December 31, 2020	B-1	\$ 3,542	\$ 1,190,725	\$ 1,055,434
Increased by				
Receipts		14,384	1,227,245	112,398
		<u>17,926</u>	<u>2,417,970</u>	<u>1,167,832</u>
Decreased by				
Disbursements		9,223	1,196,528	47,504
		<u>9,223</u>	<u>1,196,528</u>	<u>47,504</u>
Balance - July 31, 2021		<u>\$ 8,703</u>	<u>\$ 1,221,442</u>	<u>\$ 1,120,328</u>
Cash reconciliation - July 31, 2021				
Balance per statement				
Northfield Bank		\$ 9,553	\$ 1,150,536	\$ 1,120,473
TD Bank		-	83,304	-
		<u>9,553</u>	<u>1,233,840</u>	<u>1,120,473</u>
Add: deposit-in-transit		-	3,803	-
Subtotal		<u>9,553</u>	<u>1,237,643</u>	<u>1,120,473</u>
Less: outstanding checks		850	16,201	145
		<u>850</u>	<u>16,201</u>	<u>145</u>
Book balance		<u>\$ 8,703</u>	<u>\$ 1,221,442</u>	<u>\$ 1,120,328</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Animal Control Fund Expenditures

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 8,669
Increased by receipts		
Animal control fees	B-1	12,600
		<u>21,269</u>
Decreased by		
Expenditures under RS 4:119.15	B-1	17,727
		<u>17,727</u>
Balance - December 31, 2020	B	<u>\$ 3,542</u>
Animal control collections		
2018		\$ 17,675
2019		14,577
		<u>14,577</u>
Maximum allowable reserve		<u>\$ 32,252</u>

B-4

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

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 5
Increased by		
State fees collected	B-1	1,684
		<u>1,689</u>
Decreased by		
Disbursements	B-1	1,689
		<u>1,689</u>
Balance - December 31, 2020	B	<u>\$ -</u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2019 (due to)	B	\$ -
Increased by		
Disbursements - payroll withholdings	B-1	84,488
		<u>84,488</u>
Decreased by		
Payroll withholdings	B-1	84,488
		<u>84,488</u>
Balance - December 31, 2020 (due to)	B	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Loans Receivable

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ <u>55,141</u>
Balance - December 31, 2020	B	\$ <u><u>55,141</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Open Space

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 1,032,720
Increased by		
2020 Municipal Open Space tax levy	B-1	\$ 483,657
Receipts	B-1	<u>378,025</u>
		<u>861,682</u>
		1,894,402
Decreased by		
Disbursements	B-1	<u>838,968</u>
Balance - December 31, 2020	B	\$ <u><u>1,055,434</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Improvements

	<u>Ref.</u>	
Balance - December 31, 2019	B	<u>\$ 65,176</u>
Balance - December 31, 2020	B	<u><u>\$ 65,176</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Opening Permits

	<u>Ref.</u>	
Balance - December 31, 2019	B	<u>\$ 4,000</u>
Balance - December 31, 2020	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, 2019	B	<u>\$ 2,916</u>
Balance - December 31, 2020	B	<u><u>\$ 2,916</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Cash Bonds

	<u>Ref.</u>	
Balance - December 31, 2019	B	<u>\$ 1,019</u>
Balance - December 31, 2020	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, 2019	B	\$ <u>1,786</u>
Balance - December 31, 2020	B	\$ <u><u>1,786</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Escrow

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 90,805
Increased by		
Receipts	B-1	<u>24,593</u>
		115,398
Decreased by		
Disbursements	B-1	<u>32,187</u>
Balance - December 31, 2020	B	\$ <u><u>83,211</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Unemployment

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 67,473
Increased by		
Receipts	B-1	3,178
		<u>70,651</u>
Decreased by		
Disbursements	B-1	5,383
		<u>5,383</u>
Balance - December 31, 2020	B	<u>\$ 65,268</u>

B-15

TOWNSHIP OF DELAWARE
Schedule of Reserve for Recreation

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 11,566
Increased by		
Receipts	B-1	21,015
		<u>32,581</u>
Decreased by		
Disbursements	B-1	14,575
		<u>14,575</u>
Balance - December 31, 2020	B	<u>\$ 18,006</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Sutton Burial Ground

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 8,628
Increased by Receipts	B-1	<u>49</u>
Balance - December 31, 2020	B	<u><u>\$ 8,677</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 142,905
Increased by Receipts	B-1	<u>34,376</u>
		177,281
Decreased by Disbursements	B-1	<u>8,389</u>
Balance - December 31, 2020	B	<u><u>\$ 168,892</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for COAH - Interest

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 29,631
Increased by Receipts	B-1	<u>1,030</u>
Balance - December 31, 2020	B	<u><u>\$ 30,661</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Insurance

	<u>Ref.</u>	
Balance - December 31, 2019	B	<u>\$ 18,474</u>
Balance - December 31, 2020	B	<u><u>\$ 18,474</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Public Defender

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 4,662
Increased by Receipts	B-1	<u>75</u>
Balance - December 31, 2020	B	<u><u>\$ 4,737</u></u>

B-21

TOWNSHIP OF DELAWARE
Schedule of Reserve for POAA

	<u>Ref.</u>	
Balance - December 31, 2019	B	<u>\$ 30</u>
Balance - December 31, 2020	B	<u><u>\$ 30</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Firefighter Training & Equipment

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 3,000
Decreased by		
Disbursements	B-1	<u>2,977</u>
Balance - December 31, 2020	B	<u><u>\$ 23</u></u>

B-23

TOWNSHIP OF DELAWARE
Schedule of Reserve for Environmental Trust

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 1,795
Increased by		
Receipts	B-1	<u>370</u>
		2,165
Decreased by		
Disbursements	B-1	<u>900</u>
Balance - December 31, 2020	B	<u><u>\$ 1,265</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Quarry Reclamation Fund

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 35,378
Increased by Receipts	B-1	<u>2,201</u>
Balance - December 31, 2020	B	<u><u>\$ 37,579</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Tax Premiums

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 57,800
Increased by Receipts	B-1	<u>16,000</u> 73,800
Decreased by Disbursements	B-1	<u>53,000</u>
Balance - December 31, 2020	B	<u><u>\$ 20,800</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Farmer's Market

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 2,112
Decreased by		
Disbursements	B-1	<u>733</u>
Balance - December 31, 2020	B	<u><u>\$ 1,379</u></u>

B-27

TOWNSHIP OF DELAWARE
Schedule of Reserve for Retirement

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 10,018
Increased by		
Receipts	B-1	<u>5,000</u>
Balance - December 31, 2020	B	<u><u>\$ 15,018</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Snow Removal

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 13,000
Balance - December 31, 2020	B	\$ 13,000

TOWNSHIP OF DELAWARE
Schedule of Reserve for Payroll Withholdings

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 2,000
Increased by		
Receipts	B-1	2,191,393
		<u>2,193,393</u>
Decreased by		
Disbursements	B-1	2,191,393
		<u>2,191,393</u>
Balance - December 31, 2020	B	\$ 2,000

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Police Building

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 4,639
Increased by Receipts	B-1	<u>250</u>
Balance - December 31, 2020	B	<u><u>\$ 4,889</u></u>

B-31

TOWNSHIP OF DELAWARE
Schedule of Reserve for Police Equipment Insurance

	<u>Ref.</u>	
Balance - December 31, 2019	B	<u>\$ 4,378</u>
Balance - December 31, 2020	B	<u><u>\$ 4,378</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Police Cameras

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ <u>7,500</u>
Balance - December 31, 2020	B	\$ <u><u>7,500</u></u>

B-33

TOWNSHIP OF DELAWARE
Schedule of Reserve to LOSAP - Unaudited

	<u>Ref.</u>		
Balance - December 31, 2019	B		\$ 527,449
Increased by			
Municipal contributions	B-1	\$ 26,450	
Appreciation of assets	B-1	<u>92,000</u>	
			<u>118,450</u>
			645,899
Decreased by			
Service fees	B-1	775	
Withdrawals	B-1	<u>35,083</u>	
			<u>35,858</u>
Balance - December 31, 2020	B		\$ <u><u>610,041</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

2020

GENERAL CAPITAL FUND

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

	Ref.	
Balance - December 31, 2019	C	\$ 1,036,825
Increased by receipts		
Due from current fund	C-5	\$ 240,000
Reserve for payment of debt service	C-11	188,701
Due from grant fund	C-6	83,978
Premium on bond sale	C-1	214,166
Bond proceeds	C-17	3,245,000
		3,971,845
		5,008,670
Decreased by disbursements		
Bond anticipation notes	C-19	2,710,000
Bond issuance costs	C-1	21,880
Encumbrances payable	C-16	198,336
Improvement authorizations	C-9	595,497
		3,525,713
Balance - December 31, 2020	C;C-3	\$ 1,482,957

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

	Ref.	
Balance - December 31, 2020	C-2	\$ 1,482,957
Increased by		
Receipts		389,251
		1,872,208
Decreased by		
Disbursements		79,446
Balance - July 31, 2021		\$ 1,792,762
Cash reconciliation - July 31, 2021		
Balance per statement		
Northfield Bank		\$ 1,542,327
Add: deposit-in-transit		250,500
Subtotal		1,792,827
Less: outstanding checks		65
Book balance		\$ 1,792,762

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Cash Activity
General Capital Fund

Description	Balance	Receipts	Disbursements	Transfers	Balance
	12/31/19			(From)	To
Fund balance	\$ 11,373	\$ 214,166	\$ 21,880	\$ 83,978	\$ 287,637
Capital improvement fund	1,465	-	-	110,589	112,054
Due to/from current fund	-	240,000	-	(240,000)	-
Due from grant fund	-	83,978	-	(83,978)	-
Bonds payable	-	3,245,000	2,710,000	(535,000)	-
Excess financing	124,060	-	-	(124,060)	-
Reserves for					
Payment of debt service	-	188,701	-	199,560	388,261
Guard rails	2,325	-	-	(2,325)	-
Purchase of various equipment	121,608	-	-	(16,336)	105,272
Improvement of municipal facilities	10,000	-	-	(10,000)	-
Road improvements	1,928	-	-	(1,928)	-
Encumbrances payable	266,424	-	198,336	33,322	101,410
Improvement authorizations					
Improvements to Seabrook Road	(21,850)	-	-	-	(21,850)
Improvements to various roads	104,582	-	104,582	-	-
Purchase of office equipment	750	-	-	-	750
Fire protection equipment	4,875	-	-	-	4,875
Fire truck	1,281	-	-	-	1,281
Dilts Farm - athletic equipment	2,941	-	-	-	2,941
Dilts Park walking trail/parking lot	2,940	-	-	-	2,940
Road improvements	22,091	-	-	-	22,091
Improvements to Zentak/Meszaros Road	(109,500)	-	-	109,500	-
Improvements to Boars Head Road, Sanford Road & Whiskey Lane	415,611	-	197,133	(29,050)	189,428
Improvements to Meszaros Road	39,240	-	716	-	38,524
Sidewalk installation	(100,283)	-	4,718	111,000	5,999
Sidewalk easement	15,802	-	75	-	15,727

See independent auditor's report.

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

Description	Balance 12/31/19	Receipts	Disbursements	Transfers (From) To	Balance 12/31/20
Improvement authorizations (continued)					
Road equipment	\$ 29,706	\$ -	\$ -	\$ -	\$ 29,706
Improvement to Dilts Park	14,980	-	-	-	14,980
Improvements to municipal facilities	24,981	-	3,000	-	21,981
Police equipment and vehicles	4,032	-	-	-	4,032
Various road improvements	19,213	-	-	-	19,213
Lower Creek Road	26,250	-	9,316	-	16,934
Improvements to Lower Ferry Road	-	-	154,964	242,088	87,124
Various road improvements	-	-	89,259	110,000	20,741
Improvements to municipal facilities	-	-	-	10,000	10,000
Police vehicle	-	-	31,734	32,640	906
Total	\$ 1,036,825	\$ 3,971,845	\$ 3,525,713	\$ -	\$ 1,482,957
<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, 2020 (due to)	C	\$ -
Increased by		
Receipts	C-2	<u>240,000</u>
		240,000
Decreased by		
2020 municipal budget appropriations		
Reserve for purchase of various equipment	C-12	\$ 35,000
Capital improvement fund	C-10	<u>205,000</u>
		<u>240,000</u>
Balance - December 31, 2020 (due to)	C	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from Grant Fund
General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ -
Increased by		
Cancellation of grant balances	C-1	83,978
		<u>83,978</u>
Decreased by		
Receipts	C-2	83,978
		<u>83,978</u>
Balance - December 31, 2020	C	<u><u>\$ -</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 6,036,000
Increased by		
Bond proceeds	C-17	3,245,000
		<u>9,281,000</u>
Decreased by		
2020 budget appropriation		
Payment of bonds	C-17	462,000
		<u>462,000</u>
Balance - December 31, 2020	C	<u><u>\$ 8,819,000</u></u>

See independent auditors' report.

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

Improvement Description	Balance 12/31/19	2020 Authorization	Funded by Budget Appropriation	Transferred to Deferred Taxation - Funded	Balance 12/31/20	Analysis of Balance 12/31/20		
						Expendi- tures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Improvements to various roads #13-03	\$ 322,571	\$ -	\$ -	\$ 322,571	\$ -	\$ -	\$ -	\$ -
Acquisition of equipment #15-10	93,004	-	-	93,004	-	-	-	-
Acquisition of fire truck #17-07	570,000	-	-	570,000	-	-	-	-
Improvements to various roads #17-08+19-05	1,064,262	-	-	1,064,262	-	-	-	-
Acquisition of road equipment #17-09	282,103	-	-	282,103	-	-	-	-
Improvements to Zentek/ Meszaros Road #18-14	276,500	-	-	276,500	-	-	-	-
Improvements to Seabrook Road #07-24	21,850	-	-	-	21,850	21,850	-	-
Sidewalk installation #19-07	192,000	-	-	192,000	-	-	-	-
Improvements to Lower Ferry Road #20-01	-	245,000	-	245,000	-	-	-	-
	<u>\$ 2,822,290</u>	<u>\$ 245,000</u>	<u>\$ -</u>	<u>\$ 3,045,440</u>	<u>\$ 21,850</u>	<u>\$ 21,850</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Ref.</u>	C	C-9		Below	C	C-4		
			<u>Ref.</u>					
			C-2;C-17	\$ 3,245,000				
			C-11	(199,560)				
				<u>\$ 3,045,440</u>				

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Improvement Authorizations

Improvement Description	Ordinance		Balance 12/31/19		2020	Paid or	Unexpended	Balance 12/31/20	
	Number	Amount	Funded	Unfunded	Authorization	Charged	Canceled / Reassigned	Funded	Unfunded
Improvements to various roads	13-03	\$ 600,000	\$ -	\$ 104,582	\$ -	\$ 104,582	\$ -	\$ -	\$ -
Purchase of office equipment	16-11	5,000	750	-	-	-	-	750	-
Fire protection equipment	16-04	12,200	4,875	-	-	-	-	4,875	-
Fire truck	17-07	600,000	-	1,281	-	-	-	1,281	-
Dilts Farm - athletic equipment	17-12	5,000	2,941	-	-	-	-	2,941	-
Dilts Park walking trail/parking lot	17-13	20,000	2,940	-	-	-	-	2,940	-
Various road improvements	18-09	160,000	22,091	-	-	-	-	22,091	-
Improvements to Boars Head Road, Sanford Road & Whiskey Lane	19-05	165,675	-	415,611	-	226,183	-	189,428	-
Improvements to Meszaros Road	19-06	86,000	-	39,240	-	716	-	38,524	-
Sidewalk installation	19-07	217,000	-	4,717	-	17,313	(18,595)	5,999	-
Sidewalk easement	19-08	25,000	15,802	-	-	75	-	15,727	-
Road equipment	19-09	50,000	29,706	-	-	-	-	29,706	-
Improvement to Dilts Park	19-10	15,000	14,980	-	-	-	-	14,980	-
Improvements to municipal facilities	19-11	25,000	24,981	-	-	3,000	-	21,981	-
Police equipment and vehicles	19-13	28,000	4,032	-	-	-	-	4,032	-
Various road improvements	19-14	137,000	19,213	-	-	-	-	19,213	-
Lower Creek Road	19-16	35,000	26,250	-	-	9,316	-	16,934	-
Improvements to Lower Ferry Road	20-01	245,000	-	-	245,000	157,876	-	87,124	-
Various road improvements	20-04a	110,000	-	-	110,000	89,259	-	20,741	-
Improvements to municipal facilities	20-04b	10,000	-	-	10,000	-	-	10,000	-
Police vehicle	20-38	40,000	-	-	40,000	39,094	-	906	-
			<u>\$ 168,561</u>	<u>\$ 565,431</u>	<u>\$ 405,000</u>	<u>\$ 647,414</u>	<u>\$ (18,595)</u>	<u>\$ 510,173</u>	<u>\$ -</u>
	<u>Ref.</u>		C	C	Below	Below	C-16	C	C
Capital improvement fund	C-10				\$ 110,000				
Deferred charges to future taxation	C-8				245,000				
Reserve for purchase of various equipment	C-12				40,000				
Reserve for improvements to municipal facilities	C-13				10,000				
					<u>\$ 405,000</u>				
					<u>Ref.</u>				
Disbursements					C-2	\$ 595,497			
Reserve for encumbrances					C-16	51,917			
						<u>\$ 647,414</u>			

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Capital Improvement Fund

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 1,465
Increased by		
Reserve balance canceled	C-12;C-14;C-15	\$ 15,589
2020 municipal budget appropriations	C-5	<u>205,000</u>
		<u>220,589</u>
		222,054
Decreased by		
Appropriated to finance improvement authorizations	C-9	<u>110,000</u>
Balance - December 31, 2020	C	<u><u>\$ 112,054</u></u>

C-11

TOWNSHIP OF DELAWARE
Schedule of Reserve for Payment of Debt Service

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ -
Increased by		
Receipts	C-2	\$ 188,701
Excess financing	C-8	<u>199,560</u>
		<u>388,261</u>
		388,261
Balance - December 31, 2020	C	<u><u>\$ 388,261</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Purchase of Various Equipment

	Ref.	
Balance - December 31, 2019	C	\$ 121,608
Increased by		
2020 municipal budget appropriations	C-5	35,000
		156,608
Decreased by		
Appropriated to finance improvement authorizations	C-9	\$ 40,000
Canceled balance	C-10	11,336
		51,336
Balance - December 31, 2020	C	\$ 105,272

C-13

TOWNSHIP OF DELAWARE
Schedule of Reserve for Improvements to Municipal Facilities

	Ref.	
Balance - December 31, 2019	C	\$ 10,000
Decreased by		
Appropriated to finance improvement authorizations	C-9	10,000
Balance - December 31, 2020	C	\$ -

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Guard Rails

	Ref.	
Balance - December 31, 2019	C	\$ 2,325
Decreased by		
Canceled balance	C-10	2,325
Balance - December 31, 2020	C	\$ -

C-15

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Improvements

	Ref.	
Balance - December 31, 2019	C	\$ 1,928
Decreased by		
Canceled balance	C-10	1,928
Balance - December 31, 2020	C	\$ -

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Encumbrances

	Ref.	
Balance - December 31, 2019	C	\$ 266,424
Increased by		
2020 charges	C-9	<u>51,917</u> 318,341
Decreased by		
Disbursements	C-2	\$ 198,336
Balances canceled	C-9	<u>18,595</u> 216,931
Balance - December 31, 2020	C	<u><u>\$ 101,410</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 12/31/20		Interest Rate	Balance 12/31/19	Increased	Decreased	Balance 12/31/20
			Date	Amount					
General improvements	12/04/08	\$ 4,190,000	10/15/21	\$ 2,000	4.75%	\$ 6,000	\$ -	\$ 2,000	\$ 4,000
			10/15/22	2,000	4.75%	-	-	-	-
Refunding bond issue	08/07/13	2,350,000	10/15/21	215,000	2.10%	650,000	-	225,000	425,000
			10/15/22	210,000	2.10%	-	-	-	-
Refunding bond issue	09/10/15	5,237,250	10/15/21	175,000	4.00%	4,880,000	-	170,000	4,710,000
			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%	-	-	-	-
			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%	-	-	-	-			

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 12/31/19	Increased	Decreased	Balance 12/31/20
			Date	Amount					
General improvements	09/10/15	\$ 787,750	10/15/21	\$ 65,000	4.00%	\$ 500,000	\$ -	\$ 65,000	\$ 435,000
			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%	-	-	-	-
General improvements	07/22/20	3,245,000	02/15/21	210,000	4.00%	-	3,245,000	-	3,245,000
			02/15/22	215,000	4.00%	-	-	-	-
			02/15/23	235,000	4.00%	-	-	-	-
			02/15/24	270,000	4.00%	-	-	-	-
			02/15/25	310,000	4.00%	-	-	-	-
			02/15/26	325,000	3.00%	-	-	-	-
			02/15/27	420,000	2.00%	-	-	-	-
			02/15/28	420,000	2.00%	-	-	-	-
			02/15/29	420,000	2.00%	-	-	-	-
			02/15/30	420,000	2.00%	-	-	-	-
						<u>\$ 6,036,000</u>	<u>\$ 3,245,000</u>	<u>\$ 462,000</u>	<u>\$ 8,819,000</u>
					<u>Ref.</u>	C	C-2	C-7	C

See independent auditors' report.

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

Ordinance Number	Improvement Description	Balance 12/31/2019	Increased	Decreased	Balance 12/31/2020
07-24	Improvements to Seabrook Road	\$ 21,850	\$ -	\$ -	\$ 21,850
17-08;19-05	Improvement for various roads	(124,060)	-	(124,060)	-
18-14	Improvement for Zentek/Meszaros Road	109,500	-	109,500	-
19-07	Sidewalk installation	105,000	-	105,000	-
20-01	Improvements to Lower Ferry Road	-	245,000	245,000	-
		<u>\$ 112,290</u>	<u>\$ 245,000</u>	<u>\$ 335,440</u>	<u>\$ 21,850</u>
	<u>Ref.</u>	C	C-9	C-8	C

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Bond Anticipation Notes Payable

Ordinance Number	Improvement Description	Original Note	Date of		Interest Rate	Balance 12/31/19	Increased	Decreased	Balance 12/31/20
			Issue	Maturity					
13-03	Improvement of various roads	\$ 322,571	07/23/19	07/23/20	2.00%	\$ 322,571	\$ -	\$ 322,571	\$ -
15-10	Acquisition of equipment	95,000	07/23/19	07/23/20	2.00%	93,004	-	93,004	-
17-07	Fire truck	570,000	07/23/19	07/23/20	2.00%	570,000	-	570,000	-
17-08;19-05	Road construction	150,429	07/23/19	07/23/20	2.00%	1,188,322	-	1,188,322	-
17-09	Road equipment	432,000	07/23/19	07/23/20	2.00%	282,103	-	282,103	-
18-14	Zentek/Meszaros Road	167,000	07/23/19	07/23/20	2.00%	167,000	-	167,000	-
19-07	Sidewalk installation	87,000	07/23/19	07/23/20	2.00%	87,000	-	87,000	-
						<u>\$ 2,710,000</u>	<u>\$ -</u>	<u>\$ 2,710,000</u>	<u>\$ -</u>
					<u>Ref.</u>	<u>C</u>		<u>C-2; C-8</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, 2020 and 2019
(Unaudited)

	2020		2019	
	Amount	%	Amount	%
<u>Revenue and other income realized</u>				
Fund balance utilized	\$ 407,000	1.82	\$ 357,000	1.65
Miscellaneous - from other than local property tax levied	1,130,225	5.04	1,128,167	5.20
Collection of delinquent taxes & tax title liens	332,239	1.48	240,504	1.11
Collection of current tax levy	<u>20,550,494</u>	<u>91.66</u>	<u>19,972,131</u>	<u>92.04</u>
Total income	<u>22,419,958</u>	<u>100.00</u>	<u>21,697,802</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	4,369,997	20.20	4,330,842	20.42
County taxes	3,315,585	15.34	3,258,562	15.36
Regional school taxes	4,682,111	21.66	4,389,139	20.70
Local school taxes	8,763,478	40.54	8,743,019	41.22
Municipal open space tax	483,657	2.24	481,203	2.27
Other debits to income	<u>3,823</u>	<u>0.02</u>	<u>5,850</u>	<u>0.03</u>
Total expenditures	<u>21,618,651</u>	<u>100.00</u>	<u>21,208,615</u>	<u>100.00</u>
Regulatory excess to fund balance	801,307		489,187	
<u>Fund Balance</u>				
Fund balance January 1,	<u>863,718</u>		<u>731,531</u>	
	1,665,025		1,220,718	
Less: utilization as anticipated revenue	<u>407,000</u>		<u>357,000</u>	
Fund balance December 31,	<u>\$ 1,258,025</u>		<u>\$ 863,718</u>	

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	
2020	\$ 0.49	\$ 0.41	\$ 1.09	\$ 0.60	\$ 2.59
2019	0.49	0.41	1.10	0.54	2.54
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

* 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
2020	\$ 803,676,430	\$ 876,801,691	91.66%
2019	800,243,730	861,310,655	92.91%
2018	797,557,330	872,792,000	91.38%
2017	796,237,930	882,054,987	90.27%
2016	795,305,830	918,023,077	86.63%
2015	792,694,330	881,280,967	89.95%
2014	790,769,720	886,016,493	89.25%
2013	* 785,646,820	897,256,328	87.56%
2012	910,213,620	957,931,211	95.02%
2011	909,300,020	984,321,465	92.38%

* 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
2020	\$ 20,810,861	\$ 20,550,494	98.75%
2019	20,288,844	19,972,131	98.44%
2018	20,337,712	20,122,208	98.94%
2017	20,039,233	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%

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	
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	
2019	5,323,320	543,247,600	939,500	18,069,700	225,393,010	7,270,600	800,243,730	
2020	5,174,520	548,258,400	961,300	17,720,800	224,290,810	7,270,600	803,676,430	

* 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
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%
2019	65,020	292,882	357,902	1.76%
2020	46,621	224,116	270,737	1.30%

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>
2020	None
2019	None
2018	None
2017	None
2016	None
2015	None
2014	None
2013	None
2012	None
2011	None

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>December 31,</u>	<u>Amount</u>	<u>Utilized in Budget of Succeeding Year</u>
Current fund	2019	\$ 1,258,025	\$ 530,000
	2018	863,718	407,000
	2017	731,531	357,000
	2016	671,610	357,000
	2015	501,390	357,031
	2014	489,472	295,437
	2013	265,160	241,000
	2012	388,940	350,000
	2011	450,872	395,000
	2010	446,570	414,000

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Debt Incurring Capacity as of December 31, 2020
(Unaudited)

Municipal

1. Equalized valuations of real property (2020, 2019, 2018)	\$ 867,745,624
2. Permitted municipal debt limitation (3.5% of \$867,745,624)	30,371,097
3. Net debt issued, outstanding & authorized	8,452,589
4. Excess school borrowing	-
5. Total charges to borrowing margin	<u>8,452,589</u>
6. Remaining municipal borrowing capacity	<u><u>\$ 21,918,508</u></u>

Local School District

1. Permitted school district debt limitation (3.0% of \$867,745,624)	\$ 26,032,369
2. Debt issued, outstanding & authorized	<u>3,355,000</u>
3. Remaining local school district borrowing capacity	<u><u>\$ 22,677,369</u></u>

Gross & Statutory Net Debt as of December 31,

Year	Gross Debt	Statutory Net Debt	
	Amount	Amount	Percentage
2020	\$ 12,387,842	\$ 8,452,589	0.97%
2019	13,102,772	8,858,290	1.02%
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%

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Statement of Indebtedness as of December 31, 2020
(Unaudited)

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds	\$ 8,819,000		
Notes	-		
Bonds and notes authorized but not issued	21,850		
			\$ 8,840,850
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds	3,355,000		
Notes	-		
Bonds and notes authorized but not issued	-		
			3,355,000
Regional school district			
Bonds	191,992		
Notes	-		
Bonds and notes authorized but not issued	-		
			191,992
Total gross debt			12,387,842
Statutory deductions			
Municipal	388,261		
Local school district	3,355,000		
Regional school district	191,992		
			3,935,253
Total net debt			\$ 8,452,589
Overlapping debt as of December 31, 2020			
	Debt	Estimated %	
	Outstanding	Applicable	
Local school district debt	\$ 3,355,000	100.00%	\$ 3,355,000
Regional school district debt	2,110,000	9.10%	191,992
County debt	90,647,855	3.99%	3,614,857
Total overlapping debt			\$ 7,161,849

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Statement of Indebtedness as of December 31, 2020 (continued)
(Unaudited)

Gross debt		\$ 12,387,842
Per capita (population 2010 census - 4,563)	\$ 2,715	
Percent of average equalized valuation basis (2020 - \$867,745,624)	1.43%	
Percent of net valuation taxable (2020 - \$803,676,430)	1.54%	
 Net municipal debt		 8,452,589
Per capita (population 2010 census - 4,563)	\$ 1,852	
Percent of average equalized valuation basis (2020 - \$867,745,624)	0.97%	
Percent of net valuation taxable (2020 - \$803,676,430)	1.05%	
 Overall debt (gross and overlapping debt)		 16,002,699
Per capita (population 2010 census - 4,563)	\$ 3,507	
Percent of average equalized valuation basis (2020 - \$867,745,624)	1.84%	
Percent of net valuation taxable (2020 - \$803,676,430)	1.99%	

See independent auditors' report.

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

TOWNSHIP OF DELAWARE
Schedule of Insurance (Unaudited)
December 31, 2020

	Coverage	Deductible
Workers Compensation - Somerset County Joint Insurance Fund Policy Limit	Statutory	
Package Policy - Somerset County Joint Insurance Fund		
Property - Buildings & Contents - Fund Limit	\$ 300,000,000	\$ -
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	-
CFO/Petty Cash/Payroll	200,000	-
Petty Cash	1,000	-

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.



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, 2020, and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated September 13, 2021. 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.

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. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Account

Registered Municipal Accountant

September 13, 2021
Flemington, New Jersey

TOWNSHIP OF DELAWARE
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2020

Grant	Project Number	Program or Award Amount	Grant Period	Balance 12/31/19	Receipts	Expended	Adjustments/ Repayments	Balance 12/31/20	Memo Cumulative Expenditure
Current fund									
NJ body armor - 2016	066-1020-718-001	\$ 1,061	Continuous	\$ 813	\$ -	\$ 813	\$ -	\$ -	\$ 1,061
NJ body armor - 2017	066-1020-718-001	1,062	Continuous	1,062	-	132	-	930	132
NJ body armor - 2019	066-1020-718-001	1,137	Continuous	1,137	-	-	-	1,137	-
NJ body armor - 2020	066-1020-718-001	1,088	Continuous	-	1,088	-	-	1,088	-
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	-	-	388	1,633	-
DWI - prior 2013	098-9735-760-001	Unavailable	Continuous	179	-	-	-	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	-	15,347	-	280	15,347
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	10,291	-	-	-	10,291	12,797
Clean communities program - 2018	765-042-4900-004	21,708	Continuous	4,467	-	-	-	4,467	17,241
Clean communities program - 2019	765-042-4900-004	24,236	Continuous	24,236	-	-	-	24,236	-
Clean communities program - 2020	765-042-4900-004	21,583	Continuous	-	21,583	-	-	21,583	-
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	186	-	186	-	-	1,598
Recycling grant - 2017	752-042-4900-001	2,400	Continuous	2,400	-	214	-	2,186	214
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	-
Recycling grant - 2020	752-042-4900-001	3,672	Continuous	3,672	-	-	-	3,672	-
Lower Delaware wild & scenic river	732-074-2505-002	2,000	Continuous	(1,000)	-	-	1,000	-	2,000
Holden conservation endowment	Not available	800	Continuous	110	-	-	-	110	-

See independent auditors' report

TOWNSHIP OF DELAWARE
Schedule of Expenditures of State Financial Assistance (continued)
For the Year Ended December 31, 2020

Grant	Project Number	Program or Award Amount	Grant Period	Balance 12/31/19	Receipts	Expended	Adjustments/ Repayments	Balance 12/31/20	Memo Cumulative Expenditure
Current fund									
ANJEC open space stewardship	Not available	1,000	Continuous	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ 690
Drunk driving enforcement	Not available	7,039	Continuous	-	7,039	-	-	7,039	-
Total current fund				<u>220,400</u>	<u>30,710</u>	<u>16,692</u>	<u>(85,203)</u>	<u>149,215</u>	<u>66,952</u>
Capital fund									
NJ Department of Transportation - Sanford Road	480-078-6320	150,000	Continuous	(790)	-	-	-	(790)	790
NJ Department of Transportation - Lower Ferry Road	480-078-6320	75,000	Continuous	-	75,000	75,000	-	-	75,000
NJ Department of Transportation - sidewalk project	480-078-6320	151,346	Continuous	(151,346)	82,201	-	-	(69,145)	151,346
NJ Department of Transportation - Meszaros Road	480-078-6320	126,000	Continuous	7,740	31,500	716	-	38,524	87,476
Total capital fund				<u>(144,396)</u>	<u>188,701</u>	<u>75,716</u>	<u>-</u>	<u>(31,411)</u>	<u>314,612</u>
Total state financial assistance				<u>\$ 76,004</u>	<u>\$ 219,411</u>	<u>\$ 92,408</u>	<u>\$ (85,203)</u>	<u>\$ 117,804</u>	<u>\$ 381,564</u>

See independent auditors' report

TOWNSHIP OF DELAWARE
Notes to Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2020

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, 2020.

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	\$ 16,692	\$ -	\$ 16,692
Capital Fund	75,716	-	75,716
Total	\$ 92,408	\$ -	\$ 92,408

Note 4 - Indirect costs

The Municipality has elected not to utilize the 10% de minimis indirect cost rate.

Note 5 - Adjustments on Schedule of Expenditures of State Financial Assistance

On Schedule 1, the net adjustments of \$85,203 represents expenses incurred in an earlier improvement authorizations and cancelation accounts receivables.

TOWNSHIP OF DELAWARE
Schedule of Findings and Responses

General Comments and Recommendations

No findings or recommendations have been developed as a result of this audit.

Status of Prior Year's Audit Findings/Recommendations

There were no prior year findings or recommendations.

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>
Charlie Herman	Mayor
James Waltman	Deputy Mayor
Daniel Kwasnik	Committeeperson
Susan D. Lockwood	Committeeperson
Joseph Vocke	Committeeperson

* * * * *

<u>Name</u>	<u>Title</u>
Jodi McKinney	Municipal Clerk (1/1/2020 - 9/7/2020)
Maria Andrews	Municipal Clerk (9/8/2020 - 12/31/2020)
Diane McDaniel	Treasurer & Chief Financial Officer
Danene Gooding	Tax Collector
Michelle Trivigno	Assessor
Joseph Tauriello	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

Sidewalk project

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
Architect
Public Defender
Historic Consultant
Planning Consultants
Prosecutor

Engineer
Labor Attorney
Risk Consultant
Municipal Attorney
Environmental Consultant

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 2020 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>
2020	4
2019	6
2018	4

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