

**TOWNSHIP OF DELAWARE**  
**COUNTY OF HUNTERDON**  
**REPORT OF AUDIT**  
**December 31, 2019**



**TOWNSHIP OF DELAWARE  
COUNTY OF HUNTERDON**

**REPORT OF AUDIT**

**For the Year Ended December 31, 2019**

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Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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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, 2019 and 2018, 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, 2019 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 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 June 24, 2020 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



William M. Colantano  
Certified Public Accountant  
Registered Municipal Accountant

June 24, 2020  
Flemington, New Jersey



**FINANCIAL STATEMENTS - REGULATORY BASIS**

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Assets			
Regular fund			
Cash - Treasurer	A-4	\$ 5,040,120	\$ 4,882,198
Change funds	A-11	175	175
		<u>5,040,295</u>	<u>4,882,373</u>
Delinquent property taxes receivable	A-7	292,882	242,915
Tax title liens receivable	A-8	65,020	37,729
Revenue accounts receivable	A-9	-	3,857
Due from other trust funds	A-10	-	2,035
		<u>357,902</u>	<u>286,536</u>
Deferred charges			
Over-expenditure of budget appropriations	A-13	-	5,513
Total regular fund		<u>5,398,197</u>	<u>5,174,422</u>
Federal and state grant fund			
Cash - Treasurer	A-4	215,512	202,550
Grants receivable	A-14	173,406	173,406
Due from trust fund	A-30	-	2,390
Total federal and state grant fund		<u>388,918</u>	<u>378,346</u>
Total assets		<u>\$ 5,787,115</u>	<u>\$ 5,552,768</u>

See accompanying notes to the financial statements.

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

	Ref.	2019	2018
Liabilities, reserves and fund balance			
Regular fund liabilities			
Appropriation reserves	A-3;A-15	\$ 450,788	\$ 338,930
Encumbrances payable	A-16	9,241	23,728
Due to state of NJ Veteran's and Senior Citizen's deductions	A-6	21,680	21,585
Prepaid taxes	A-17	204,486	217,274
Tax overpayments	A-18	17,302	40,345
Regional high school taxes payable	A-19	1,159,224	1,271,347
Local school tax payable	A-20	2,298,720	2,230,037
County tax payable	A-21	8,183	6,880
Due county - food inspections	A-22	4,800	4,400
Due NJ - state training fees	A-23	2,053	1,829
Due NJ - marriage license and domestic partner fees	A-24	100	-
		4,176,577	4,156,355
Reserve for receivables	A	357,902	286,536
Fund balance	A-1	863,718	731,531
Total regular fund		5,398,197	5,174,422
Federal and state grant fund			
Encumbrances payable	A-31	156	30
Appropriated reserves for grants	A-27	360,854	353,476
Unappropriated reserves for grants	A-28	27,908	24,840
Total federal & state grant fund		388,918	378,346
Total liabilities, reserves and fund balance		\$ 5,787,115	\$ 5,552,768

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,**

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Revenues and other income realized			
Fund balance utilized	A-2	\$ 357,000	\$ 357,000
Miscellaneous revenue anticipated	A-2	796,564	708,310
Receipts from delinquent taxes	A-2	240,504	297,403
Receipts from current taxes	A-2	19,972,131	20,122,208
Non-budget revenue	A-2	18,000	28,752
Other credits to income			
Interfunds returned - net	A-2	2,035	32,832
Tax overpayments canceled	A-18	267	327
Unexpended balance of appropriation reserves	A-15	311,301	98,234
Total income		<u>21,697,802</u>	<u>21,645,066</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,853,792	1,756,855
Other expenses	A-3	1,478,210	1,560,788
Capital improvements	A-3	249,520	205,661
Debt service	A-3	301,853	260,656
Deferred charges & statutory expenditures	A-3	447,467	414,967
County taxes	A-21	3,250,379	3,291,991
County share of added taxes	A-21	8,183	6,879
Regional high school taxes	A-19	4,389,139	4,709,757
Local district school taxes	A-20	8,743,019	8,543,195
Municipal open space tax	A-26	481,203	480,999
Other debits to income			
Revenue accounts receivable			
refunds and adjustments	A-4	4,850	-
Prior year Senior Citizen deduction disallowed	A-6	1,000	1,250
Interfund receivable balance cancelled		-	660
Total expenditures		<u>21,208,615</u>	<u>21,233,658</u>
Excess in revenue		489,187	411,408

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>2019</u>	<u>2018</u>
Adjustment to income before fund balance			
Expenditures included above which are by statute deferred charges to budgets of succeeding years			
Over-expenditure of budget appropriations	A-3	\$ -	\$ 5,513
Regulatory excess to fund balance		489,187	416,921
Balance January 1,	A	731,531	671,610
		<u>1,220,718</u>	<u>1,088,531</u>
Decreased by			
Utilized as anticipated revenue	A-2	<u>357,000</u>	<u>357,000</u>
Balance December 31,	A	<u>\$ 863,718</u>	<u>\$ 731,531</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	Ref.	Anticipated		Realized	Excess or Deficit
		Unaudited Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	A-1	\$ 357,000	\$ -	\$ 357,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-9	4,800	-	4,800	-
Fees and permits	A-2	17,000	-	28,356	11,356
Fines and costs					
Municipal court	A-9	50,388	-	49,903	(485)
Interest on investments and deposits	A-2	37,600	-	113,144	75,544
Uniform construction code fees	A-9	112,000	-	100,230	(11,770)
Interest & cost on taxes	A-4	57,000	-	47,308	(9,692)
Energy receipts tax	A-9	334,005	-	334,005	-
Garden state trust fund	A-9	27,412	-	27,412	-
Reserve for payment of bonds	A-25	28,114	-	28,114	-
NJ Division of Criminal Justice - body					
armor fund	A-14	1,137	-	1,137	-
Recycling grant	A-14	3,132	-	3,132	-
Holden Grant	A-14	800	-	800	-
Clean Communities Grant	A-14	21,708	-	21,708	-
Share of court costs - Franklin					
Township	A-9	32,700	-	36,515	3,815
	A-1	727,796	-	796,564	68,768
Receipts from delinquent taxes	A-1;A-2	245,203	-	240,504	(4,699)
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	3,401,000	-	3,532,321	131,321
Budget totals		4,730,999	-	4,926,389	\$ 195,390
Non-budget revenues	A-1;A-2	-	-	18,000	
		\$ 4,730,999	\$ -	\$ 4,944,389	
	<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, 2019**

	Ref.	
Analysis of realized revenues		
Allocation of current tax collections		
Tax collections	A-1;A-7	\$ 19,972,131
Allocated to		
Local district school taxes	A-7	8,806,417
Regional high school taxes	A-7	4,293,628
County taxes	A-7	3,258,562
Municipal open space tax	A-7	481,203
		16,839,810
Balance for support of municipal budget appropriations		3,132,321
Add: appropriation - reserve for uncollected taxes	A-3	400,000
Realized for support of municipal budget	A-2	\$ 3,532,321
Analysis of delinquent tax collections		
Receipts from delinquent tax collections	A-7;A-2	\$ 240,504
Fees and permits analysis		
Planning Board & Board of Adjustment		\$ 2,570
Police Department		599
Police services administration fees		12,505
Board of Health		16,180
Clerk		733
Assessor		530
	A-4	33,117
Less: fees refunded	A-4	4,761
	A-2	\$ 28,356
Interest on investments and deposits analysis		
Treasurer	A-2;A-4	\$ 113,144

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Revenues - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

Analysis of realized revenues (continued)

	<u>Ref.</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>Increase (Decrease)</u>
Interfund advances and returns analysis				
Due from other trust funds	A-10	\$ -	\$ 2,035	\$ (2,035)
	<u>Ref.</u>			A-1
	<u>Ref.</u>			
Analysis of non-budget revenue				
Treasurer				
Cable TV franchise fee				\$ 8,973
Veteran's and Senior Citizen's - Administrative fees				770
Homestead rebate processing fee				217
Insurance dividend				2,894
Voided prior year checks				5,129
Miscellaneous other				586
	A-4			<u>18,569</u>
Less: refunds	A-4			569
	A-2			<u>\$ 18,000</u>

See accompanying notes to the financial statements.



**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	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	\$ 19,400	\$ 19,400	\$ 19,400	\$ -	\$ -	\$ -
Municipal clerk						
Salaries and wages	65,300	65,300	65,201	99	-	-
Postage & legal						
advertising	13,000	14,600	13,185	1,415	-	-
Other expenses	47,300	39,300	28,535	10,765	-	-
Elections						
Other expenses	4,200	4,200	3,607	593	-	-
Financial administration						
Salaries and wages	94,750	94,750	92,250	2,500	-	-
Other expenses	6,050	6,050	1,928	4,122	-	-
Audit services	30,500	30,500	30,500	-	-	-
Assessment of taxes						
Salaries and wages	36,300	36,300	36,240	60	-	-
Maintenance of						
tax map	3,000	3,000	145	2,855	-	-
Other expenses	1,600	2,000	1,901	99	-	-
Collection of taxes						
Salaries and wages	42,700	42,700	42,654	46	-	-
Other expenses	3,300	3,300	1,862	1,438	-	-
Legal services and costs						
Other expenses	41,500	33,000	16,968	16,032	-	-
Municipal prosecutor						
Salaries and wages	18,000	18,000	17,772	228	-	-
Engineering services						
and costs						
Other expenses	12,500	12,500	2,540	9,960	-	-
Public buildings and grounds						
Salaries and wages - Dilts Farm	8,500	8,500	8,480	20	-	-
Salaries and wages -						
buildings & grounds	7,000	7,000	4,146	2,854	-	-
Expense of Dilts Farm	13,750	25,650	25,433	217	-	-
Other expenses	28,200	28,200	26,205	1,995	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	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	\$ 10,620	\$ 10,620	\$ 10,612	\$ 8	\$ -	\$ -
Other expenses	3,400	3,400	866	2,534	-	-
Zoning board						
Salaries and wages	8,200	8,200	7,772	428	-	-
Other expenses	1,250	1,250	1,169	81	-	-
Shade tree commission						
Other expenses	808	808	670	138	-	-
Board of adjustment						
Salaries and wages	13,375	13,375	13,363	12	-	-
Other expenses	21,380	21,380	19,712	1,668	-	-
Environmental commission						
Salaries and wages	1,600	1,600	1,592	8	-	-
Other expenses	2,525	2,525	2,275	250	-	-
Insurance						
Employee group health	440,000	440,000	375,186	64,814	-	-
Surety bond premiums	2,000	2,000	1,370	630	-	-
Other insurance premiums	160,000	160,000	129,852	30,148	-	-
Public safety						
Fire						
Aid to volunteer fire companies	84,300	84,300	83,500	800	-	-
Police						
Salaries and wages	818,037	818,037	775,098	42,939	-	-
Purchase of police car	10,000	8,500	7,451	1,049	-	-
Other expenses	49,350	49,350	33,793	15,557	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	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	\$ 15,260	\$ 15,260	\$ 11,242	\$ 4,018	\$ -	\$ -
Other expenses	2,550	2,550	2,461	89	-	-
First aid organization - contribution	21,000	21,000	21,000	-	-	-
Streets and roads						
Road repairs and maintenance						
Salaries and wages	506,000	506,000	427,500	78,500	-	-
Other expenses	217,450	217,450	173,370	44,080	-	-
Health and welfare						
Board of health						
Salaries and wages	23,650	23,650	12,523	11,127	-	-
Other expenses	5,400	5,400	729	4,671	-	-
Expenses of visiting homemakers						
Other expenses	550	550	-	550	-	-
Municipal court						
Salaries and wages	58,000	58,000	50,928	7,072	-	-
Other expenses	28,650	28,650	19,641	9,009	-	-
Public defender						
Other expenses	2,200	2,200	1,873	327	-	-
Contribution to senior citizens center	4,000	4,000	4,000	-	-	-
Senior health services	220	220	-	220	-	-
Pet regulation	5,850	5,850	5,797	53	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	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	\$ 19,000	\$ 19,000	\$ 19,000	\$ -	\$ -	\$ -
Historical preservation society						
Other expenses	4,000	4,000	3,915	85	-	-
Construction official						
Salaries and wages	62,000	62,000	61,816	184	-	-
Other expenses	6,600	6,600	4,760	1,840	-	-
Sub code officials						
Plumbing inspector						
Salaries and wages	16,000	16,000	14,566	1,434	-	-
Electrical inspector						
Salaries and wages	23,250	23,250	21,495	1,755	-	-
Unclassified						
Gasoline & diesel fuel	48,000	51,800	42,872	8,928	-	-
Fuel oil	8,500	8,500	8,332	168	-	-
Electricity	18,500	18,500	17,803	697	-	-
Telephone	24,000	24,000	19,960	4,040	-	-
Street lighting	6,200	6,200	4,353	1,847	-	-
Data processing services	16,500	16,500	16,433	67	-	-
Total operations within CAPS	3,267,025	3,266,725	2,869,602	397,123	-	-
Contingent	-	-	-	-	-	-
Total operations including contingent within CAPS	3,267,025	3,266,725	2,869,602	397,123	-	-
Detail						
Salaries and wages	1,853,792	1,853,792	1,700,447	153,345	-	-
Other expenses (including contingent)	1,413,233	1,412,933	1,169,155	243,778	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Deferred charges						
Over-expenditure of budget appropriations	\$ 5,513	\$ 5,513	\$ 5,513	\$ -	\$ -	\$ -
Statutory expenditures						
Contribution to						
Public employees retirement system	120,393	120,393	120,393	-	-	-
Social Security system (OASI)	145,000	145,000	130,073	14,927	-	-
Police and Firemen's retirement system	173,661	173,661	173,661	-	-	-
Defined contribution retirement program	2,600	2,900	2,512	388	-	-
Total deferred charges and statutory expenditures - Municipal within CAPS	<u>447,167</u>	<u>447,467</u>	<u>432,152</u>	<u>15,315</u>	<u>-</u>	<u>-</u>
Total general appropriations for municipal purposes within CAPS	<u>3,714,192</u>	<u>3,714,192</u>	<u>3,301,754</u>	<u>412,438</u>	<u>-</u>	<u>-</u>
Operations excluded from CAPS						
LOSAP (Fire Company)						
Other expenses	30,000	30,000	-	30,000	-	-
NJPDES Storm water permit street division						
Other expenses	3,500	3,500	150	3,350	-	-
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, 2019**

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations					
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations excluded from CAPS (cont'd)						
Other operations excluded from CAPS (cont'd)						
Public & private programs offset by revenues						
Clean Communities Program	\$ 21,708	\$ 21,708	\$ 21,708	\$ -	\$ -	\$ -
NJ Division of Criminal Justice - body armor fund	1,137	1,137	1,137	-	-	-
Recycling grant	3,132	3,132	3,132	-	-	-
Holden conservation endowment	800	800	800	-	-	-
Total operations excluded from CAPS	<u>65,277</u>	<u>65,277</u>	<u>26,927</u>	<u>38,350</u>	<u>-</u>	<u>-</u>
Detail						
Other expenses	<u>65,277</u>	<u>65,277</u>	<u>26,927</u>	<u>38,350</u>	<u>-</u>	<u>-</u>
Capital improvements - excluded from CAPS						
Reserves for						
Road improvements	50,000	50,000	50,000	-	-	-
Purchase of various road equipment	15,000	15,000	15,000	-	-	-
Purchase of fire equipment	48,000	48,000	48,000	-	-	-
Capital improvement fund	136,520	136,520	136,520	-	-	-
Total capital improvements excluded from CAPS	<u>249,520</u>	<u>249,520</u>	<u>249,520</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, 2019**

	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	\$ 145,000	\$ 145,000	\$ 145,000	\$ -	\$ -	\$ -
Interest on bonds	102,010	102,010	102,006	-	4	-
Interest on notes	55,000	55,000	54,847	-	153	-
Total debt service excluded from CAPS	<u>302,010</u>	<u>302,010</u>	<u>301,853</u>	<u>-</u>	<u>157</u>	<u>-</u>
Total general appropriations, for municipal Purposes excluded from CAPS	<u>616,807</u>	<u>616,807</u>	<u>578,300</u>	<u>38,350</u>	<u>157</u>	<u>-</u>
Subtotal general appropriations	4,330,999	4,330,999	3,880,054	450,788	157	-
Reserve for uncollected taxes	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general appropriations	<u>\$ 4,730,999</u>	<u>\$ 4,730,999</u>	<u>\$ 4,280,054</u>	<u>\$ 450,788</u>	<u>\$ 157</u>	<u>\$ -</u>
<u>Ref.</u>	A-2	A-3	A-1;A-3	A;A-1		A-1; A-13

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 3,683,677
Reserve for uncollected taxes	A-2	400,000
Appropriated deferred charges	A-13	5,513
Reserve for encumbrances	A-16	9,241
Due to general capital fund	A-25	249,520
Appropriated reserve for grants	A-27	26,777
		4,374,728
Less		
Appropriation refunds	A-4	94,674
	A-3	\$ 4,280,054
Appropriations		
Budget	A-2	\$ 4,730,999
Added by N.J.S.A. 40A:4-87	A-2	-
	A-3	\$ 4,730,999

See accompanying notes to the financial statements.



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

	Ref.	2019	2018
<b>Assets</b>			
Animal control fund			
Cash - Treasurer	B-1	\$ 8,674	\$ 7,539
Other trust funds			
Cash - Treasurer	B-1	590,691	612,733
LOSAP investments (unaudited)	B-1	527,449	426,144
Loans receivable	B-6	55,141	55,141
		1,173,281	1,094,018
Open space fund			
Cash - Treasurer	B-1	1,032,720	980,829
Total assets		\$ 2,214,675	\$ 2,082,386
<b>Liabilities and reserves</b>			
Animal control fund			
Reserve for animal control expenditures	B-3	\$ 8,669	\$ 7,539
Due to State of New Jersey	B-4	5	-
		8,674	7,539

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Liabilities and reserves (continued)			
Open space fund			
Reserve for open space	B-7	\$ 1,032,720	\$ 980,829
Other trust funds			
Due to current fund	B-5	-	2,035
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	90,805	95,271
Reserve for unemployment	B-14	67,473	74,572
Reserve for recreation	B-15	11,566	6,242
Reserve for Sutton Burial Ground	B-17	8,628	8,500
Due to grant fund	B-18	-	2,390
Reserve for developer's deposits - COAH	B-19	142,905	129,568
Reserve for COAH - interest	B-20	29,631	27,425
Reserve for insurance	B-21	18,474	18,474
Reserve for Public Defender	B-22	4,662	4,392
Reserve for POAA	B-23	30	26
Reserve for fire fighter training & equipment	B-24	3,000	-
Reserve for environmental trust	B-25	1,795	-
Reserve for quarry reclamation fund	B-26	35,378	30,883
Reserve for tax premiums	B-27	57,800	95,200
Reserve for farmer's market	B-28	2,112	2,487
Reserve for retirement	B-29	10,018	5,018
Reserve for snow removal	B-30	13,000	12,996
Reserve for payroll withholdings	B-31	2,000	2,000
Reserve for police building	B-32	4,639	10,979
Reserve for police equipment insurance	B-33	4,378	4,378
Reserve for police cameras	B-34	7,500	5,000
Reserve for LOSAP (unaudited)	B-35	527,449	426,144
		<u>1,173,281</u>	<u>1,094,018</u>
Total liabilities and reserves		<u>\$ 2,214,675</u>	<u>\$ 2,082,386</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>2019</u>	<u>2018</u>
<b>Assets</b>			
Cash	C-2	\$ 1,036,825	\$ 895,400
Deferred charges to future taxation			
Funded	C-7	6,036,000	6,493,000
Unfunded	C-8	<u>2,822,290</u>	<u>2,578,028</u>
<b>Total assets</b>		<u><u>\$ 9,895,115</u></u>	<u><u>\$ 9,966,428</u></u>
<b>Liabilities, reserves and fund balance</b>			
General serial bonds payable	C-17	\$ 6,036,000	\$ 6,493,000
Bond anticipation note payable	C-19	2,710,000	2,000,000
Improvement authorizations			
Funded	C-9	168,561	141,409
Unfunded	C-9	565,431	1,109,524
Capital improvement fund	C-10	1,465	11,945
Reserves for			
Payment of debt service	C-11	-	28,069
Purchase of various equipment	C-12	121,608	122,337
Improvement of municipal facilities	C-13	10,000	30,000
Guard rails	C-14	2,325	2,325
Road improvements	C-15	1,928	2,603
Encumbrances	C-16	266,424	46
Fund balance	C-1	<u>11,373</u>	<u>25,170</u>
<b>Total liabilities, reserves and fund balance</b>		<u><u>\$ 9,895,115</u></u>	<u><u>\$ 9,966,428</u></u>
Bonds and notes authorized but not issued	C-18	<u><u>\$ 112,290</u></u>	<u><u>\$ 729,921</u></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>2019</u>	<u>2018</u>
Balance - January 1	C	\$ 25,170	\$ 13,498
Increased by			
Improvement authorizations canceled		-	112
Premium on bond anticipation note	C-5	11,249	11,560
		<u>36,419</u>	<u>25,170</u>
Decreased by			
Appropriated to Finance			
Improvement authorizations	C-9	25,000	-
Applied to reserve for debt service	C-11	46	-
		<u>25,046</u>	<u>-</u>
Balance - December 31	C	<u>\$ 11,373</u>	<u>\$ 25,170</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>2019</u>	<u>2018</u>
General fixed assets		
Land	\$ 2,577,600	\$ 2,577,600
Building & building improvements	1,116,525	1,116,525
Machinery & equipment	619,226	576,418
Vehicles	<u>2,874,353</u>	<u>2,874,353</u>
	<u>\$ 7,187,704</u>	<u>\$ 7,144,896</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, 2019 and 2018**

Note 1 - Summary of significant accounting policies  
Reporting entity

Except as noted below, the Financial Statements - Regulatory Basis of the Township of Delaware (the Municipality) include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Municipality, as required by N.J.S.A. 40A:5-5. Component units are legally separate organizations for which the Municipality is financially accountable. The Municipality is financially accountable for an organization if the Municipality appoints a voting majority of the organization's governing board and (1) the Municipality is able to significantly influence the programs or services performed or provided by the organization; or (2) the Municipality is legally entitled to or can otherwise access the organization's resources; the Municipality is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Municipality is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Municipality in that the Municipality approves the budget, the issuance of debt or the levying of taxes.

The financial statements of the component unit of the Municipality are not presented in accordance with Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. If the provisions of GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61 had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Municipality, the primary government:

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:

Governmental Funds

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

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

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 1 - Summary of significant accounting policies (continued)

Description of funds and account group (continued)

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

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

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

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



**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

*Expenditures* - are recorded on the budgetary basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the 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.

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.

*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. All other deferred charges are shown as unfunded.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

*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.

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

No depreciation has been provided for in the financial statements.

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

Departures from generally accepted accounting principles

As noted, the accounting principles and practices used differ in some respects from generally accepted accounting principles (GAAP) for local governmental units. The more significant differences, which may be material, are as follows:

1. 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. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
4. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
5. Grant Accounting - GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
6. Capital Funds - GAAP requires separate funds for the recording of capital projects and payment of debt service, while New Jersey requirements incorporates these transactions within one fund.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 1 - Summary of significant accounting polices (continued)

Departures from generally accepted accounting principles (continued)

7. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
8. Losses arising from tax appeals and other contingencies are not recorded until paid.
9. 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.

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.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 2 - Deposits and investments (continued)

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, 2019 and 2018, the Municipality's bank balances of \$7,843,256 and \$7,568,013, respectively, were exposed to custodial credit risk as follows:

	2019	2018
Insured by the FDIC	\$ 340,504	\$ 347,705
Uninsured and collateralized with securities held by pledging financial institutions	7,502,752	7,220,308
Total	\$ 7,843,256	\$ 7,568,013

Note 3 - Tax assessments and property taxes

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

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

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 3 - Tax assessments and property taxes (continued)

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 1.02%.

	Gross Debt	Deductions	Net Debt
Local school district debt	\$ 3,865,000	\$ 3,865,000	\$ -
Regional school district debt	379,482	379,482	-
General debt	8,858,290	-	8,858,290
	\$ 13,102,772	\$ 4,244,482	\$ 8,858,290

Net debt \$8,858,290 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$867,608,017 equals 1.02%.

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

3 ½% of equalized valuation basis (Municipal)	\$ 30,366,281
Net debt	8,858,290
Remaining borrowing power	\$ 21,507,991

Changes in long-term debt

During the years ended December 31, 2018 and 2019, the following changes occurred in long-term debt.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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

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

	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
<b>Total</b>	<b>\$ 9,222,921</b>	<b>\$ 1,533,218</b>	<b>\$ 1,897,849</b>	<b>\$ 8,858,290</b>

General Obligation Bonds - General obligation bonds at December 31, 2019 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%.	\$ 6,000
\$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%.	650,000
\$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%.	5,380,000
<b>Total</b>	<b>\$ 6,036,000</b>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 4 - Long-term debt (continued)  
Schedule of annual debt service for principal and interest for outstanding bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 462,000	\$ 196,895	\$ 658,895
2021	457,000	182,678	639,678
2022	467,000	168,468	635,468
2023	265,000	156,313	421,313
2024	275,000	150,019	425,019
2025 - 2029	1,285,000	637,656	1,922,656
2030 - 2034	1,420,000	422,950	1,842,950
2035 - 2038	1,405,000	141,950	1,546,950
Total	<u>\$ 6,036,000</u>	<u>\$ 2,056,929</u>	<u>\$ 8,092,929</u>

Note 5 - Short-term debt - bond anticipation notes

The Municipality had outstanding bond anticipation notes at December 31, 2019 in the amount of \$2,710,000. These notes have a term from July 23, 2019 to July 23, 2020, with an interest rate of 2.00% payable at maturity. Principal and interest on the notes are paid from the current fund budget. The notes were issued in the amount of \$93,004 for Ordinance #15-10 Acquisition of Equipment, \$1,188,322 for Ordinance #17-08 Road Construction, \$570,000 for Ordinance #17-07 Fire Truck, \$282,103 for Ordinance #17-09 Road Equipment, \$322,571 for Ordinance #13-03 Improvement of Various Roads, \$167,000 for Ordinance #18-14 Zentek/Meszaros Road, and \$87,000 for Ordinance #19-07 Sidewalk Installation.

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

Note 6 - Fund balances appropriated

For the year ended December 31, 2019 and 2018, fund balances which were appropriated and included as anticipated revenue in their own respective funds were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	<u>\$ 357,000</u>	<u>\$ 357,000</u>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 7 - School taxes

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

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>Balance 12/31/19</u>	<u>Balance 12/31/18</u>	<u>Balance 12/31/19</u>	<u>Balance 12/31/18</u>
Balance of tax	\$ 4,412,260	\$ 4,280,179	\$ 2,146,759	\$ 2,354,393
Deferred	<u>2,113,540</u>	<u>2,050,142</u>	<u>987,535</u>	<u>1,083,046</u>
Tax payable (prepaid)	<u>\$ 2,298,720</u>	<u>\$ 2,230,037</u>	<u>\$ 1,159,224</u>	<u>\$ 1,271,347</u>

Note 8 - Taxes collected in advance

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

	<u>Balance 12/31/19</u>	<u>Balance 12/31/18</u>
Prepaid taxes	\$ 204,486	\$ 217,274
Less: discount allowed	-	-
Cash liability for taxes collected in advance	<u>\$ 204,486</u>	<u>\$ 217,274</u>

Note 9 - Pensions

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

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

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

Public employee's retirement system

Plan description

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

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



**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)  
Public employee's 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, 2019, 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, 2019.

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 2019, 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, 2019 and 2018**

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

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

The contribution rate was 7.50% of base salary effective July 1, 2018.

The Municipality's contractually required contribution rate for the year ended December 31, 2019 and 2018 was 13.10% and 16.02%, 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 \$99,655 and \$120,108 respectively for the year ending December 31, 2019 and 2018.

Collective net pension liability and actuarial information

The Municipality's proportionate share of the net pension liability for PERS as of December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Net pension liability	\$ 1,846,018	\$ 2,377,522
Proportionate share	0.0101743556%	0.0120750800%
 Plan fiduciary net position as a percentage of the total pension liability	 56.27%	 53.60%

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)  
Public employee's retirement system (continued)  
Collective net pension liability and actuarial information (continued)  
Actuarial Assumptions

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

Inflation 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-2019.

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

Note 9 - Pensions (continued)  
Public employee's retirement system (continued)  
Collective net pension liability and actuarial information (continued)  
Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.0%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)

Public employee'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, 2019 and 2018 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>	2019
At current discount rate (6.28%)	\$ 1,846,018
At a 1% lower rate (5.28%)	2,331,821
At a 1% higher rate (7.28%)	1,436,660
<u>Municipality's proportionate share of the net pension liability</u>	2018
At current discount rate (5.66%)	\$ 2,377,522
At a 1% lower rate (4.66%)	2,989,461
At a 1% higher rate (6.66%)	1,864,146

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 PERS 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	\$ 33,134	\$ 8,155	\$ 45,340	\$ 12,259
Changes of assumptions	184,332	640,747	391,776	760,205
Net difference between projected and actual earnings on pension plan investments	-	29,140	-	22,301
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	46,725	363,414	73,726	44,954
Total	\$ 264,191	\$ 1,041,456	\$ 510,842	\$ 839,719

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended December 31, 2019 and 2018:

<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>
<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 expected and actual experience	\$ 67,034	\$ (21,694)	\$ 45,340
Changes of assumptions	573,547	(181,771)	391,776
Differences between projected and actual earnings on pension plan investments	19,385	(19,385)	-
Deferred inflows of resources			
Differences between expected and actual experience	-	(12,259)	(12,259)
Changes of assumptions	(571,445)	(188,760)	(760,205)
Differences between projected and actual earnings on pension plan investments	-	(22,301)	(22,301)
Net changes in deferred outflows (inflows) of resources	<u>\$ 88,521</u>	<u>\$ (446,170)</u>	<u>\$ (357,649)</u>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

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, 2019 and 2018 as follows:

	<u>2019</u>		<u>2018</u>
2020	\$ (53,305)	2019	\$ 16,501
2021	(172,919)	2020	(22,846)
2022	(154,407)	2021	(163,826)
2023	(72,502)	2022	(142,007)
2024	(7,443)	2023	(45,471)
Total	<u>\$ (460,576)</u>	Total	<u>\$ (357,649)</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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Service cost	\$ 71,096	\$ 112,225
Interest on total pension liability	210,725	269,792
Member contributions	(48,970)	(64,444)
Administrative expense	1,297	1,785
Expected investment return net of investment expense	(130,753)	(169,386)
Pension expense related to specific liabilities of individual employers	(612)	(992)
Recognition of deferred inflows/outflows of resources		
Amortization of expected versus actual experience	15,865	18,199
Amortization of assumption changes or inputs	(48,489)	(20,953)
Amortization of projected versus actual investment earnings on pension plan investments	15,426	(14,428)
Pension expense	<u>\$ 85,585</u>	<u>\$ 131,798</u>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - 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, 2019 and 2018, the Municipality contributed \$2,720 and \$643 respectively. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program website: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

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 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



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**For the Years Ended December 31, 2019 and 2018**

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

Plan description (continued)

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service 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 2019, 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, 2019 and 2018 was 28.64% and 28.45%, 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 \$181,913 and \$173,661 for the year ending December 31, 2019 and 2018.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
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Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Special funding situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed 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, 2019, the State of New Jersey contributed \$23,448 to the PFRS for normal pension benefits on behalf of the Municipality, which is less than the contractually required contributions of \$40,435.

Collective net pension liability and actuarial information

The Municipality's proportionate share of the net pension liability for PFRS as of December 31, 2019 and 2018 are as follows:

	2019	2018
Municipality proportionate share of net pension liability	\$ 2,551,940	\$ 2,730,144
Less: State proportionate share of net pension liability	348,005	326,496
Net pension liability	\$ 2,203,935	\$ 2,403,648
Proportionate share	0.0180092161	0.0177631539
Plan fiduciary net position as a percentage of the total pension liability	65.00%	62.48%

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Actuarial assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through all future years	3.25% - 15.25%
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. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

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, 2019) 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, 2019 are summarized in the following table:

**TOWNSHIP OF DELAWARE**  
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Note 9 - Pensions (continued)  
Police and fireman's retirement system (continued)  
Collective net pension liability and actuarial information (continued)  
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging market equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 70% 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 projected future benefit payments of current plan members through 2076.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

The following presents the Municipality's proportionate share of the collective net pension liability of as of December 31, 2019 and 2018 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>2019</u>
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

<u>Municipality's proportionate share of the net pension liability</u>	<u>2018</u>
At current discount rate (6.51%)	\$ 2,730,144
At a 1% lower rate (5.51%)	3,653,958
At a 1% higher rate (7.51%)	1,968,164

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 PFRS from the following sources:

	<u>2019</u>		<u>2018</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	\$ 18,604	\$ 13,954	\$ 24,454	\$ 9,947
Changes of assumptions	75,519	712,292	206,321	616,013
Net difference between projected and actual earnings on pension plan investments	-	29,863	-	13,150
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	73,207	-	73,726	-
Total	<u>\$ 167,330</u>	<u>\$ 756,109</u>	<u>\$ 304,501</u>	<u>\$ 639,110</u>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended December 31, 2019 and 2018:

<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>

<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 expected and actual experience	\$ -	\$ 24,454	\$ 24,454
Changes of assumptions	468,272	(261,951)	206,321
Differences between projected and actual earnings on pension plan investments	236,887	(236,887)	-
Deferred inflows of resources			
Differences between expected and actual experience	22,162	(32,109)	(9,947)
Changes of assumptions	-	(616,014)	(616,013)
Differences between projected and actual earnings on pension plan investments	-	(13,151)	(13,150)
Net changes in deferred outflows (inflows) of resources	<u>\$ 727,321</u>	<u>\$ (1,135,658)</u>	<u>\$ (408,335)</u>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from the Municipality's contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense for the year ending December 31, 2019 and 2018 as follows:

	2019		2018
2020	\$ (115,543)	2019	\$ 20,672
2021	(242,542)	2020	(69,683)
2022	(171,771)	2021	(194,948)
2023	(84,671)	2022	(125,143)
2024	(47,459)	2023	(39,233)
Total	\$ (661,986)	Total	\$ (408,335)

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, 2019 and 2018 are as follows:

	2019	2018
Service cost	\$ 151,380	\$ 160,069
Interest on total pension liability	476,962	450,121
Member contributions	(64,606)	(61,559)
Administrative expense	1,014	681
Expected investment return net of investment expense	(302,019)	(283,102)
Transfers between State and Local employers	-	(4,150)
Pension expense related to specific liabilities of individual employers	(1,463)	(627)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs	(71,819)	(21,984)
Amortization of expected versus actual experience	(2,098)	(44)
Amortization of projected versus actual investment earnings on pension plan investments	49,981	(14,305)
Less: state proportionate share of employer expense	40,435	(38,673)
Pension expense	\$ 196,897	\$ 186,427

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
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Note 10 - Postretirement benefits

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

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

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

*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, 2019 and 2018**

Note 10 - 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 \$203,566, 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:

	<u>2019</u>	<u>2018</u>
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, 2019 and 2018**

Note 10 - 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, 2019 and 2018**

Note 10 - 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, 2019 and 2018**

Note 10 - 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,

2020	\$ (344,101)
2021	(344,101)
2022	(344,312)
2023	(344,653)
2024	(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**  
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Note 10 - 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,

2019	\$	(273,586)
2020		(273,586)
2021		(273,586)
2022		(273,815)
2023		(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 2018 and 2019 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, 2019 and 2018**

Note 11 - Accrued sick and vacation benefits

The Township has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits have not been accrued by charges to operations or to budgets of prior years. At December 31, 2019 and 2018, the Municipality has estimated the liability to be approximately \$84,910 and \$86,701, respectively. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit in the financial statements is not in agreement with GASB but is in accordance with reporting procedures promulgated by the State of New Jersey.

Note 12 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2019 and 2018:

	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>

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

Note 13 - Litigation

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

Grantor agencies

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

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 14 - Contingent liabilities

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

Note 15 - Interfunds receivable and payable

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

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

December 31, 2018	Interfund Receivable	Interfund Payable
Current Fund		
Other Trust Funds	\$ 2,035	\$ -
Grant Fund		
Trust Funds	2,390	-
Other Trust Funds		
Current Fund	-	2,035
Grant Fund	-	2,390
	<u>\$ 4,425</u>	<u>\$ 4,425</u>

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

Note 16 - Risk management

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

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

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

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

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 16 - Risk management (continued)

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:

<u>Years</u>	<u>Municipal Deposits</u>	<u>Amount Reimbursed</u>	<u>Employee Contributions</u>	<u>Ending Balance</u>
2019	\$ -	\$ 10,830	\$ 3,731	\$ 67,473
2018	-	6,483	2,733	74,572

Note 17 - Union contracts

As of December 31, 2019, 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.



**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 18 - 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, 2019 and 2018, no account balances were forfeited. The balance in the account on December 31, 2019 and 2018 amounted to \$527,449 and \$426,144, respectively. Contributions by the Municipality for qualified participants were \$25,300 and \$23,690 for 2019 and 2018, respectively.

Note 19 - Subsequent events

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality’s financial condition, liquidity, and future results of operations. The spread of the COVID-19 Coronavirus has resulted in stay-at-home orders issued by the State of New Jersey and the duration of the impact may be only temporary. However, the related financial impact cannot be reasonably estimated at this time.

The Municipality has determined that no material events or transactions other than those noted above, have occurred subsequent to December 31, 2019 and through June 24, 2020 the date of the Municipality’s financial statement issuance, which requires additional financial disclosure in the Municipality’s financial statements.

**TOWNSHIP OF DELAWARE  
COUNTY OF HUNTERDON**

**2019**

**CURRENT FUND**

**TOWNSHIP OF DELAWARE**  
**Schedule of Current Fund Cash - Treasurer**

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2018	A	\$ 4,882,198	\$ 202,550
Increased by receipts			
Non-budget revenue	A-2	\$ 18,569	\$ -
Interest and cost on taxes	A-2	47,308	-
Interest on investments and deposits	A-2	113,144	-
Fees & permits	A-2	33,117	-
Appropriation refunds	A-3	94,674	-
State of NJ - Veteran's & Senior Citizen's deductions	A-6	38,522	-
Taxes receivable	A-7	19,915,589	-
Revenue accounts receivable	A-9	552,865	-
Due from other trust fund	A-10	2,035	-
Due from grant fund	A-12	1,937	-
Grants receivable	A-14	-	1,937
Prepaid taxes	A-17	204,486	-
Tax overpayments	A-18	22,623	-
Due county - food inspection fees	A-22	1,600	-
Due NJ - state training fees	A-23	9,388	-
Due NJ - marriage licenses & domestic partnership fees	A-24	700	-
Due from general capital fund	A-25	28,114	-
Unappropriated reserves for grants	A-28	-	27,908
Due from regular fund	A-29	-	1,937
Due from other trust fund	A-30	-	2,390
		<u>21,084,671</u>	<u>34,172</u>
		25,966,869	236,722

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	\$ 3,683,677	\$ -
2018 appropriation reserves	A-15	51,357	-
Fees and permits refunded	A-2	4,761	-
Non-budget revenue refunded	A-2	569	-
Revenue accounts receivable refunds and adjustments	A-1	4,850	-
Due to grant fund	A-12	1,937	-
Tax overpayments refunded	A-18	5,054	-
Regional high school tax payable	A-19	4,501,262	-
Local school tax payable	A-20	8,674,336	-
County taxes payable	A-21	3,257,259	-
Due county - food inspection fees	A-22	1,200	-
Due NJ - state training fees	A-23	9,164	-
Due NJ - marriage licenses & domestic partnership fees	A-24	600	-
Due to general capital fund	A-25	249,520	-
Due to open space trust fund	A-26	481,203	-
Appropriated reserves for state grants	A-27	-	19,273
Due from regular fund	A-29	-	1,937
		<u>\$ 20,926,749</u>	<u>\$ 21,210</u>
Balance - December 31, 2019	A : A-5	<u>\$ 5,040,120</u>	<u>\$ 215,512</u>

See independent auditors' report.

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

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal &amp; State Grant Fund</u>
Balance - December 31, 2019	A-4	\$ 5,040,120	\$ 215,512
Increased by			
Receipts		6,498,154	1,088
		<u>11,538,274</u>	<u>216,600</u>
Decreased by			
Disbursements		6,523,662	2,630
		<u>6,523,662</u>	<u>2,630</u>
Balance - April 30, 2020		<u>\$ 5,014,612</u>	<u>\$ 213,970</u>
Cash reconciliation - April 30, 2020			
Balance per statement			
Northfield Bank		\$ 4,938,546	\$ 215,512
Add: deposit-in-transit		116,706	1,120
Subtotal		<u>5,055,252</u>	<u>216,632</u>
Less: outstanding checks		<u>40,640</u>	<u>2,662</u>
Book balance		<u>\$ 5,014,612</u>	<u>\$ 213,970</u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 21,585
Increased by		
Receipts	A-4	\$ 38,522
Prior year Senior Citizen's deductions disallowed by collector	A-1	<u>1,000</u>
		<u>39,522</u>
		61,107
Decreased by		
Veteran's deductions per tax billings		35,250
Senior Citizen's deductions per tax billings		4,000
Veteran's and Senior Citizen's deductions allowed by tax collector		<u>500</u>
		39,750
Less: Senior Citizen's deductions disallowed by collector		<u>323</u>
	A-7	<u>39,427</u>
Balance - December 31, 2019	A	<u><u>\$ 21,680</u></u>

See independent auditors' report.

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

Year	Balance	2019 Levy	Added	Collected		Transferred	Senior	Tax	Adjustment/ Cancellations	Balance
	12/31/18		2019	2018	2019	to Tax Title Liens	Citizens & Veterans' Deductions	Overpayment Applied		12/31/19
2017	\$ 1,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113	\$ 1,469
2018	241,333	-	9,692	-	240,504	10,521	-	-	-	-
2019	-	20,288,844	-	217,274	19,675,085	16,770	39,427	40,345	8,530	291,413
	<u>\$ 242,915</u>	<u>\$ 20,288,844</u>	<u>\$ 9,692</u>	<u>\$ 217,274</u>	<u>\$ 19,915,589</u>	<u>\$ 27,291</u>	<u>\$ 39,427</u>	<u>\$ 40,345</u>	<u>\$ 8,643</u>	<u>\$ 292,882</u>
<u>Ref.</u>	A	Reserve	Reserve	A-17	A-4	A-8	A-6	A-18	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 2019 property tax			
Tax yield			
General purpose tax			\$ 20,238,165
Added and omitted taxes			<u>50,679</u>
	A-7		<u>\$ 20,288,844</u>
Local district school tax	A-2;A-20		\$ 8,806,417
Regional district school tax	A-2;A-19		4,293,628
County tax		\$ 2,722,941	
County library tax		267,385	
County open space tax		260,053	
County share of added and omitted taxes		<u>8,183</u>	
Total county taxes	A-2;A-21		3,258,562
Municipal open space tax		480,000	
Municipal open space share of added and omitted taxes		<u>1,203</u>	
Total municipal open space tax	A-2;A-26		481,203
Municipal purpose tax	A-2	3,401,000	
Additional tax levied		<u>48,034</u>	
Total municipal purpose tax			<u>3,449,034</u>
	A-7		<u>\$ 20,288,844</u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Tax Title Liens Receivable**

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 37,729
Increased by		
Transferred from taxes receivable	A-7	<u>27,291</u>
Balance - December 31, 2019	A	<u><u>\$ 65,020</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Revenue Accounts Receivable**

	<u>Ref.</u>	<u>Balance 12/31/18</u>	<u>Accrued in 2019</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/19</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 4,800	\$ 4,800	\$ -
Municipal court	A-2	3,857	46,046	49,903	-
Share of court costs - Franklin Township	A-2	-	36,515	36,515	-
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	-	100,230	100,230	-
		<u>\$ 3,857</u>	<u>\$549,008</u>	<u>\$ 552,865</u>	<u>\$ -</u>
	<u>Ref.</u>	A	Reserve	A-4	A

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from Other Trust Funds**

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 2,035
Decreased by Receipts	A-4	<u>2,035</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Change Funds**

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 175
Balance - December 31, 2019	A	\$ 175

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Receipts	A-4	1,937
		<u>1,937</u>
Decreased by		
Disbursements	A-4	1,937
		<u>1,937</u>
Balance - December 31, 2019	A	\$ -

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Deferred Charges**

	Balance 12/31/18	Increased	Decreased	Balance 12/31/19
Over-expenditure of budget appropriations	\$ 5,513	\$ -	\$ 5,513	\$ -
	<u>\$ 5,513</u>	<u>\$ -</u>	<u>\$ 5,513</u>	<u>\$ -</u>
<u>Ref.</u>	A		A-3	A

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Grants Receivable**

Grant	Balance 12/31/18	Revenue in 2019	Received	Unappropriated Reserve Applied	Balance 12/31/19
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
Body armor	-	1,137	1,137	-	-
Holden conservation endowment	-	800	800	-	-
Clean communities	-	21,708	-	21,708	-
Recycling tonnage	-	3,132	-	3,132	-
	<u>\$ 173,406</u>	<u>\$ 26,777</u>	<u>\$ 1,937</u>	<u>\$ 24,840</u>	<u>\$ 173,406</u>
<u>Ref.</u>	A	A-2	A-4	A-28	A

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Prior Year Appropriation Reserves**  
**For the Year Ended December 31, 2019**

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Mayor and committee					
Salaries and wages	\$ 1,980	\$ 1,980	\$ -	\$ 1,980	\$ -
Municipal clerk					
Salaries and wages	169	169	-	169	-
Postage and legal advertising	6,894	7,094	-	7,094	-
Other expenses	10,230	11,329	791	10,538	-
Elections					
Other expenses	380	580	200	380	-
Financial administration					
Salaries and wages	1,000	1,000	-	1,000	-
Other expenses	4,598	4,598	-	4,598	-
Assessment of taxes					
Salaries and wages	21	21	-	21	-
Maintenance of tax map	1,170	1,170	-	1,170	-
Other expenses	189	189	-	189	-
Collection of taxes					
Salaries and wages	36	36	-	36	-
Other expenses	474	474	-	474	-
Legal services and costs					
Other expenses	16,887	15,887	1,230	14,657	-
Municipal prosecutor					
Salaries and wages	576	576	-	576	-
Engineering services and costs					
Other expenses	1,164	1,199	-	1,199	-
Public buildings and grounds					
Salaries and wages - Dilts Farm	11	11	-	11	-
Salaries and wages - buildings and grounds	14	14	-	14	-
Expense of Dilts Farm	432	432	-	432	-
Other expenses	11,423	12,222	799	11,423	-
Planning board					
Salaries and wages	206	206	-	206	-
Other expenses	1,714	1,714	35	1,679	-
Zoning board					
Salaries and wages	898	898	-	898	-
Other expenses	127	127	-	127	-

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Prior Year Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2019**

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Shade Tree commission					
Other expenses	\$ 140	\$ 140	\$ -	\$ 140	\$ -
Board of Adjustment					
Salaries and wages	1,556	1,556	-	1,556	-
Other expenses	530	1,903	1,530	373	-
Environmental commission					
Salaries and wages	4	4	-	4	-
Other expenses	331	993	662	331	-
Insurance					
Other insurance premiums	5,240	5,240	1,080	4,160	-
Surety bond premiums	650	650	-	650	-
Employee group health	45,037	45,037	-	45,037	-
Fire					
Aid to volunteer fire companies	400	400	-	400	-
Police					
Salaries and wages	1,690	1,690	-	1,690	-
Purchase of police car	363	363	-	363	-
Other expenses	5,797	11,186	5,955	5,231	-
First aid organization					
Contribution	2,500	5,000	-	5,000	-
Office of Emergency Management					
Salaries and wages	3,991	3,991	-	3,991	-
Other expenses	528	528	285	243	-
Streets and roads					
Road repairs and maintenance					
Salaries and wages	65,187	65,187	-	65,187	-
Other expenses	43,589	46,313	2,724	43,589	-
Board of Health					
Salaries and wages	759	759	-	759	-
Other expenses	3,311	3,311	-	3,311	-
Expenses of visiting homemakers					
Other expenses	550	550	-	550	-
Municipal court					
Salaries and wages	7,120	7,120	-	7,120	-
Other expenses	4,400	4,400	-	4,400	-

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Prior Year Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2019**

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Public defender					
Other expenses	\$ 327	\$ 327	\$ -	\$ 327	\$ -
Senior health services	220	220	-	220	-
Pet Regulation	45	45	-	45	-
Historical Preservation Society					
Other expenses	800	3,800	3,000	800	-
Construction official					
Salaries and wages	6,254	6,254	-	6,254	-
Other expenses	1,806	1,806	80	1,726	-
Sub code officials					
Plumbing inspector					
Salaries and wages	171	171	-	171	-
Electrical inspector					
Salaries and wages	443	443	-	443	-
Unclassified					
Fuel oil	1,558	5,830	4,272	1,558	-
Electricity	602	2,298	1,696	602	-
Telephone	3,099	3,878	779	3,099	-
Street lighting	785	785	-	785	-
Data processing services	1,965	1,965	939	1,026	-
Accumulated sick leave	5,000	5,000	-	5,000	-
Contingent	50	50	-	50	-
Contribution to					
Social Security system	16,533	16,533	-	16,533	-
State unemployment	50	50	-	50	-
Defined contribution retirement program	1,956	1,956	-	1,956	-
LOSAP	30,000	30,000	25,300	4,700	-
NJPDES Storm water permit	8,000	8,000	-	8,000	-
COAH compliance	5,000	5,000	-	5,000	-
	<u>\$ 338,930</u>	<u>\$ 362,658</u>	<u>\$ 51,357</u>	<u>\$ 311,301</u>	<u>\$ -</u>
<u>Ref.</u>	A	Below	A-4	A-1	
	<u>Ref.</u>				
Appropriation reserves	A	\$ 338,930			
Reserve for encumbrances	A-16	23,728			
		<u>\$ 362,658</u>			

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Encumbrances Payable**

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 23,728
Increased by		
2019 budget charges	A-3	<u>9,241</u>
		32,969
Decreased by		
Applied to appropriation reserves	A-15	<u>23,728</u>
Balance - December 31, 2019	A	<u><u>\$ 9,241</u></u>

A-17

**TOWNSHIP OF DELAWARE**  
**Schedule of Prepaid Taxes**

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 217,274
Increased by		
Collection of 2020 taxes	A-4	<u>204,486</u>
		421,760
Decreased by		
Applied to 2019 taxes receivable	A-7	<u>217,274</u>
Balance - December 31, 2019	A	<u><u>\$ 204,486</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Tax Overpayments**

	<u>Ref.</u>		
Balance - December 31, 2018	A		\$ 40,345
Increase by			
Overpayment received	A-4		<u>22,623</u>
			62,968
Decrease by			
Applied to 2019 taxes receivable	A-7	\$ 40,345	
Refunded	A-4	5,054	
Overpayments canceled	A-1	<u>267</u>	
			<u>45,666</u>
Balance - December 31, 2019	A		<u><u>\$ 17,302</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Regional High School Tax Payable**

	<u>Ref.</u>		
Balance - December 31, 2018			
School tax payable	A	\$ 1,271,347	
School tax deferred (23.00%)		<u>1,083,046</u>	\$ 2,354,393
Increased by			
Levy - school year July 1, 2019 to June 30, 2020	A-7	<u>4,293,628</u>	<u>6,648,021</u>
Decreased by			
Disbursements	A-4	<u>4,501,262</u>	
Balance - December 31, 2019			
School tax payable	A	1,159,224	
School tax deferred (23.00%)		<u>987,535</u>	<u>\$ 2,146,759</u>
2019 Liability for Regional High School Tax			
Tax paid			\$ 4,501,262
Add: tax payable December 31, 2019			<u>1,159,224</u>
			5,660,486
Less: tax payable December 31, 2018			<u>1,271,347</u>
Amount charged to operations	A-1		<u>\$ 4,389,139</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Local School Tax Payable**

	<u>Ref.</u>		
Balance - December 31, 2018			
School tax payable	A	\$ 2,230,037	
School tax deferred (24.00%)		<u>2,050,142</u>	\$ 4,280,179
Increased by			
Levy - school year July 1, 2019 to June 30, 2020	A-7	<u>8,806,417</u>	<u>13,086,596</u>
Decreased by			
Disbursements	A-4	<u>8,674,336</u>	
Balance - December 31, 2019			
School tax payable	A	2,298,720	
School tax deferred (24.00%)		<u>2,113,540</u>	<u>\$ 4,412,260</u>
2019 Liability for Local School Tax			
Tax paid			\$ 8,674,336
Add: tax payable December 31, 2019			<u>2,298,720</u>
			10,973,056
Less: tax payable December 31, 2018			<u>2,230,037</u>
Amount charged to operations	A-1		<u>\$ 8,743,019</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of County Taxes Payable**

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 6,880
Increased by		
2019 levy		
County taxes		\$ 2,722,941
County library tax		267,385
County open space tax		260,053
County share of added & omitted taxes		<u>8,183</u>
	A-1;A-7	<u>3,258,562</u>
		3,265,442
Decreased by		
Disbursements	A-4	<u>3,257,259</u>
Balance - December 31, 2019	A	<u><u>\$ 8,183</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Due to County - Food Inspections**

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 4,400
Increased by		
Receipts	A-4	<u>1,600</u>
		6,000
Decreased by		
Disbursements	A-4	<u>1,200</u>
Balance - December 31, 2019	A	<u><u>\$ 4,800</u></u>

See independent auditors' report.

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

Balance - December 31, 2018	A	\$ 1,829
Increased by		
Receipts	A-4	<u>9,388</u>
		11,217
Decreased by		
Disbursements	A-4	<u>9,164</u>
Balance - December 31, 2019	A	<u><u>\$ 2,053</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Receipts	A-4	<u>700</u>
		700
Decreased by		
Disbursements	A-4	<u>600</u>
Balance - December 31, 2019	A	<u><u>\$ 100</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2018	A		\$ -
Increase by			
Budget revenue - reserve for payment of bonds	A-2	\$ 28,114	
Disbursements	A-4	<u>249,520</u>	
			<u>277,634</u>
			277,634
Decreased by			
Budget appropriation - capital reserves	A-3	249,520	
Receipts	A-4	<u>28,114</u>	
			<u>277,634</u>
Balance - December 31, 2019	A		<u><u>\$ -</u></u>

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

	<u>Ref.</u>		
Balance - December 31, 2018	A		\$ -
Increased by			
2019 levy	A-7		<u>481,203</u>
			481,203
Decreased by			
Disbursements	A-4		<u>481,203</u>
Balance - December 31, 2019	A		<u><u>\$ -</u></u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Appropriated Reserves for Grants**

Grant	Balance 12/31/18	Transferred from 2019 Budget	Paid or Charged	Balance Canceled	Balance 12/31/19
NJ Body armor grant					
Year - 2015	\$ 900	\$ -	\$ 900	\$ -	\$ -
Year - 2016	1,061	-	248	-	813
Year - 2018	1,062	-	-	-	1,062
Year - 2019	-	1,137	-	-	1,137
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	-	-	-	26,764
Year 2017	9,941	-	(350)	-	10,291
Year 2018	-	21,708	17,241	-	4,467
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	856	-	670	-	186
Year - 2016	2,400	-	-	-	2,400
Year - 2018	2,298	-	-	-	2,298
Year - 2019	-	3,132	-	-	3,132
Distracted driving statewide crackdown	5,500	-	-	-	5,500
Holden conservation endowment	-	800	690	-	110
	<u>\$ 353,476</u>	<u>\$ 26,777</u>	<u>\$ 19,399</u>	<u>\$ -</u>	<u>\$ 360,854</u>
Ref.	A	A-3	Below		A
Disbursements	A-4		\$ 19,273		
Encumbrance payable	A-31		126		
Total paid or charged			<u>\$ 19,399</u>		

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Unappropriated Reserves for Grants**

	<u>Ref.</u>		
Balance - December 31, 2018	A	\$	24,840
Increased by			
Grant funds received			
Clean communities grant	A-4	\$	24,236
Recycling tonnage grant	A-4		<u>3,672</u>
			<u>27,908</u>
			52,748
Decreased by			
Appropriated in current year budget	A-14		<u>24,840</u>
Balance - December 31, 2019	A	\$	<u><u>27,908</u></u>

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**TOWNSHIP OF DELAWARE**  
**Schedule of Due From Regular Fund**

	<u>Ref.</u>		
Balance - December 31, 2018	A	\$	-
Increased by			
Disbursements	A-4		<u>1,937</u>
			1,937
Decreased by			
Receipts	A-4		<u>1,937</u>
Balance - December 31, 2019	A	\$	<u><u>-</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 2,390
Decreased by Receipts	A-4	<u>2,390</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 30
Increased by Charged to current year appropriations	A-27	<u>126</u>
Balance - December 31, 2019	A	<u><u>\$ 156</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**

**COUNTY OF HUNTERDON**

**2019**

**TRUST FUND**

**TOWNSHIP OF DELAWARE**  
**Schedule of Trust Fund Cash - Treasurer**

	Ref.	Animal Control Funds	Other Trust Funds	Open Space Fund
Balance - December 31, 2018	B	\$ 7,539	\$ 1,038,877	\$ 980,828
Increased by receipts				
Animal control fund	B-3	\$ 14,577	\$ -	\$ -
Due to State of New Jersey	B-4	1,729	-	-
Due from current fund	B-5	-	81,592	-
Reserve for open space	B-7	-	-	612,244
Developers' deposits	B-13	-	40,809	-
Reserve for unemployment	B-14	-	3,731	-
Reserve for recreation	B-15	-	39,591	-
Reserve for recycling	B-16	-	2,375	-
Reserve for Sutton Burial Ground	B-17	-	128	-
Reserve for developer's deposits - COAH	B-19	-	21,721	-
Reserve for COAH - interest	B-20	-	2,206	-
Reserve for public defender	B-22	-	270	-
Reserve for POAA	B-23	-	4	-
Reserve for firefighter training & equipment	B-24	-	3,000	-
Reserve for environmental trust	B-25	-	1,795	-
Reserve for quarry reclamation fund	B-26	-	4,495	-
Reserve for tax sale premiums	B-27	-	28,000	-
Reserve for farmer's market	B-28	-	450	-
Reserve for retirement	B-29	-	5,000	-
Reserve for snow removal	B-30	-	4	-
Reserve for payroll	B-31	-	2,050,722	-
Reserve for police cameras	B-34	-	2,500	-
Reserve for LOSAP (unaudited)	B-35	-	128,983	-
		<u>16,306</u>	<u>2,417,376</u>	<u>612,244</u>
		23,845	3,456,253	1,593,072

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	\$ 13,447	\$ -	\$ -
Due to State of New Jersey	B-4	1,724	-	-
Due from current fund	B-5	-	83,627	-
Reserve for open space	B-7	-	-	560,352
Developers' deposits	B-13	-	45,275	-
Reserve for unemployment	B-14	-	10,830	-
Reserve for recreation	B-15	-	34,267	-
Reserve for recycling	B-16	-	2,375	-
Due from grant fund	B-18	-	2,390	-
Reserve for developer's deposits -				
COAH	B-19	-	8,384	-
Reserve for tax sale premiums	B-27	-	65,400	-
Reserve for farmer's market	B-28	-	825	-
Reserve for payroll	B-31	-	2,050,722	-
Reserve for police building	B-32	-	6,340	-
Reserve for LOSAP	B-35	-	27,678	-
		<u>\$ 15,171</u>	<u>\$ 2,338,113</u>	<u>\$ 560,352</u>
Balance - December 31, 2019	B;B-2	<u>\$ 8,674</u>	<u>\$ 1,118,140</u>	<u>\$ 1,032,720</u>
Analysis of other				
Other trust funds cash	B		\$ 590,691	
LOSAP investments	B		<u>527,449</u>	
			<u>\$ 1,118,140</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, 2019	B-1	\$ 8,674	\$ 1,118,140	\$ 1,032,720
Increased by				
Receipts		13,278	10,935	-
		<u>21,952</u>	<u>1,129,075</u>	<u>1,032,720</u>
Decreased by				
Disbursements		5,154	17,273	47,341
		<u>5,154</u>	<u>17,273</u>	<u>47,341</u>
Balance - April 30, 2020		<u>\$ 16,798</u>	<u>\$ 1,111,802</u>	<u>\$ 985,379</u>
Cash reconciliation - April 30, 2020				
Balance per statement				
Northfield Bank		\$ 19,945	\$ 1,040,970	\$ 1,030,984
TD Bank		-	86,916	-
		<u>19,945</u>	<u>1,127,886</u>	<u>1,030,984</u>
Add: deposit-in-transit		-	236	-
Subtotal		<u>19,945</u>	<u>1,128,122</u>	<u>1,030,984</u>
Less: outstanding checks		<u>3,147</u>	<u>16,320</u>	<u>45,605</u>
Book balance		<u>\$ 16,798</u>	<u>\$ 1,111,802</u>	<u>\$ 985,379</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Animal Control Fund Expenditures**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 7,539
Increased by receipts		
Animal control fees	B-1	14,577
		<u>22,116</u>
Decreased by		
Expenditures under RS 4:119.15	B-1	13,447
		<u>13,447</u>
Balance - December 31, 2019	B	<u>\$ 8,669</u>
Animal control collections		
2017		\$ 15,066
2018		17,675
		<u>17,675</u>
Maximum allowable reserve		<u>\$ 32,741</u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ -
Increased by		
State fees collected	B-1	1,729
		<u>1,729</u>
Decreased by		
Disbursements	B-1	1,724
		<u>1,724</u>
Balance - December 31, 2019	B	<u>\$ 5</u>

See independent auditors' report.



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

	<u>Ref.</u>		
Balance - December 31, 2018 (due to)	B	\$	2,035
Increased by			
Disbursements - other trust funds	B-1	\$	2,232
Disbursements - payroll withholdings	B-1		81,395
			<u>83,627</u>
			81,592
Decreased by			
Receipts - other trust funds	B-1		197
Payroll withholdings	B-1		81,395
			<u>81,592</u>
Balance - December 31, 2019 (due to)	B	\$	<u><u>-</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Loans Receivable**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ <u>55,141</u>
Balance - December 31, 2019	B	\$ <u><u>55,141</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Open Space**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 980,828
Increased by		
2019 Municipal Open Space tax levy	B-1	\$ 481,203
Receipts	B-1	<u>131,041</u>
		<u>612,244</u>
		1,593,072
Decreased by		
Disbursements	B-1	<u>560,352</u>
Balance - December 31, 2019	B	\$ <u><u>1,032,720</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Road Improvements**

	<u>Ref.</u>	
Balance - December 31, 2018	B	<u>\$ 65,176</u>
Balance - December 31, 2019	B	<u><u>\$ 65,176</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Road Opening Permits**

	<u>Ref.</u>	
Balance - December 31, 2018	B	<u>\$ 4,000</u>
Balance - December 31, 2019	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, 2018	B	<u>\$ 2,916</u>
Balance - December 31, 2019	B	<u><u>\$ 2,916</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Cash Bonds**

	<u>Ref.</u>	
Balance - December 31, 2018	B	<u>\$ 1,019</u>
Balance - December 31, 2019	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, 2018	B	\$ <u>1,786</u>
Balance - December 31, 2019	B	\$ <u><u>1,786</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Escrow**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 95,271
Increased by Receipts	B-1	<u>40,809</u> 136,080
Decreased by Disbursements	B-1	<u>45,275</u>
Balance - December 31, 2019	B	\$ <u><u>90,805</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Unemployment**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 74,572
Increased by		
Receipts	B-1	<u>3,731</u>
		78,303
Decreased by		
Disbursements	B-1	<u>10,830</u>
Balance - December 31, 2019	B	<u><u>\$ 67,473</u></u>

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**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Recreation**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 6,242
Increased by		
Receipts	B-1	<u>39,591</u>
		45,833
Decreased by		
Disbursements	B-1	<u>34,267</u>
Balance - December 31, 2019	B	<u><u>\$ 11,566</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Recycling**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ -
Increased by		
Receipts	B-1	2,375
		<u>2,375</u>
Decreased by		
Disbursements	B-1	2,375
		<u>2,375</u>
Balance - December 31, 2019	B	<u><u>\$ -</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Sutton Burial Ground**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 8,500
Increased by		
Receipts	B-1	128
		<u>128</u>
Balance - December 31, 2019	B	<u><u>\$ 8,628</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due to Grant Fund**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 2,390
Decreased by Disbursements	B-1	<u>2,390</u>
Balance - December 31, 2019	B	<u><u>\$ -</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 129,568
Increased by Receipts	B-1	<u>21,721</u>
		151,289
Decreased by Disbursements	B-1	<u>8,384</u>
Balance - December 31, 2019	B	<u><u>\$ 142,905</u></u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for COAH - Interest**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 27,425
Increased by Receipts	B-1	<u>2,206</u>
Balance - December 31, 2019	B	<u><u>\$ 29,631</u></u>

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**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Insurance**

	<u>Ref.</u>	
Balance - December 31, 2018	B	<u>\$ 18,474</u>
Balance - December 31, 2019	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, 2018	B	\$ 4,392
Increased by Receipts	B-1	<u>270</u>
Balance - December 31, 2019	B	<u><u>\$ 4,662</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for POAA**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 26
Increased by Receipts	B-1	<u>4</u>
Balance - December 31, 2019	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, 2018	B	\$ -
Increased by Receipts	B-1	<u>3,000</u>
Balance - December 31, 2019	B	<u><u>\$ 3,000</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Environmental Trust**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ -
Increased by Receipts	B-1	<u>1,795</u>
Balance - December 31, 2019	B	<u><u>\$ 1,795</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Quarry Reclamation Fund**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 30,883
Increased by Receipts	B-1	<u>4,495</u>
Balance - December 31, 2019	B	<u><u>\$ 35,378</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Tax Premiums**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 95,200
Increased by Receipts	B-1	<u>28,000</u>
		123,200
Decreased by Disbursements	B-1	<u>65,400</u>
Balance - December 31, 2019	B	<u><u>\$ 57,800</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Farmer's Market**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 2,487
Increased by		
Receipts	B-1	450
		<u>2,937</u>
Decreased by		
Disbursements	B-1	825
		<u>825</u>
Balance - December 31, 2019	B	<u>\$ 2,112</u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Retirement**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 5,018
Increased by		
Receipts	B-1	5,000
		<u>5,000</u>
Balance - December 31, 2019	B	<u>\$ 10,018</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Snow Removal**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 12,996
Increased by Receipts	B-1	<u>4</u>
Balance - December 31, 2019	B	<u>\$ 13,000</u>

B-31

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Payroll Withholdings**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 2,000
Increased by Receipts	B-1	<u>2,050,722</u> 2,052,722
Decreased by Disbursements	B-1	<u>2,050,722</u>
Balance - December 31, 2019	B	<u>\$ 2,000</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Police Building**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 10,979
Decreased by Disbursements	B-1	<u>6,340</u>
Balance - December 31, 2019	B	<u><u>\$ 4,639</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Police Equipment Insurance**

	<u>Ref.</u>	
Balance - December 31, 2018	B	<u>\$ 4,378</u>
Balance - December 31, 2019	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, 2018	B	\$ 5,000
Increased by		
Receipts	B-1	<u>2,500</u>
Balance - December 31, 2019	B	<u><u>\$ 7,500</u></u>

B-35

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve to LOSAP - Unaudited**

	<u>Ref.</u>		
Balance - December 31, 2018	B		\$ 426,144
Increased by			
Municipal contributions	B-1	\$ 25,300	
Appreciation of assets	B-1	<u>103,683</u>	
			<u>128,983</u>
			555,127
Decreased by			
Service fees	B-1	675	
Withdrawals	B-1	<u>27,003</u>	
			<u>27,678</u>
Balance - December 31, 2019	B		<u><u>\$ 527,449</u></u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**

**COUNTY OF HUNTERDON**

**2019**

**GENERAL CAPITAL FUND**

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

	Ref.	
Balance - December 31, 2018	C	\$ 895,400
Increased by receipts		
Due from current fund	C-5	\$ 366,832
Due from NJ Department of Transportation	C-6	94,500
Bond anticipation notes	C-19	710,000
		1,171,332
		2,066,732
Decreased by disbursements		
Improvement authorizations	C-9	1,029,907
Balance - December 31, 2019	C;C-3	\$ 1,036,825

See independent auditors' report.

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

Balance - December 31, 2019	<u>Ref.</u> C-2	\$ 1,036,825		
Increased by Receipts		<table style="margin-left: auto; margin-right: 0;"> <tr><td style="text-align: right;">102,201</td></tr> <tr><td style="text-align: right;"><u>1,139,026</u></td></tr> </table>	102,201	<u>1,139,026</u>
102,201				
<u>1,139,026</u>				
Decreased by Disbursements		<table style="margin-left: auto; margin-right: 0;"> <tr><td style="text-align: right;"><u>21,597</u></td></tr> </table>	<u>21,597</u>	
<u>21,597</u>				
Balance - April 30, 2020		<u><u>\$ 1,117,429</u></u>		
Cash reconciliation - April 30, 2020				
Balance per statement Northfield Bank		\$ 1,176,005		
Less: outstanding checks		<table style="margin-left: auto; margin-right: 0;"> <tr><td style="text-align: right;"><u>58,576</u></td></tr> </table>	<u>58,576</u>	
<u>58,576</u>				
Book balance		<u><u>\$ 1,117,429</u></u>		

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Cash Activity**  
**General Capital Fund**

Description	Balance 12/31/18	Receipts	Disbursements	Transfers (From) To	Balance 12/31/19
Fund balance	\$ 25,170	\$ -	\$ -	\$ (13,797)	\$ 11,373
Capital improvement fund	11,945	-	-	(10,480)	1,465
Due to/from current fund	-	956,832	-	(956,832)	-
Due from NJ Department of Transportation	-	94,500	-	(94,500)	-
Excess financing	151,891	-	-	(27,831)	124,060
Reserves for					
Payment of debt service	28,069	-	-	(28,069)	-
Guard rails	2,325	-	-	-	2,325
Purchase of various equipment	122,337	-	-	(729)	121,608
Improvement of municipal facilities	30,000	-	-	(20,000)	10,000
Road improvements	2,603	-	-	(675)	1,928
Encumbrances payable	46	-	-	266,378	266,424
Improvement authorizations					
Acquisition of development rights and purchase of land	(120,000)	120,000	-	-	-
Improvements to Seabrook Road	(21,850)	-	-	-	(21,850)
Improvements to various roads	107,392	-	2,810	-	104,582
Purchase of office equipment	3,110	-	2,360	-	750
Fire protection equipment	4,875	-	-	-	4,875
Fire truck	4,637	-	3,356	-	1,281
Road improvements	409,426	-	1,072	(408,354)	-
Road improvements	67,498	-	67,498	-	-
Purchase of DPW equipment - radios	93	-	-	(93)	-
Dilts Farm - athletic equipment	2,941	-	-	-	2,941
Dilts Park walking trail/parking lot	2,940	-	-	-	2,940
Sidewalks	3,435	-	3,435	-	-
Mezaros Road	982	-	982	-	-
Purchase of police interceptor	5,843	-	5,843	-	-
Road improvements	46,217	-	24,126	-	22,091
Improvements to Zentak/Meszaros Road	3,475	-	253,403	140,428	(109,500)
Improvements to Boars Head Road, Sanford Road & Whiskey Lane	-	-	492,295	907,906	415,611
Improvements to Meszaros Road	-	-	15,508	54,748	39,240
Sidewalk installation	-	-	12,183	(88,100)	(100,283)
Sidewalk easement	-	-	9,198	25,000	15,802

See independent auditor's report.

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

Description	Balance 12/31/18	Receipts	Disbursements	Transfers (From) To	Balance 12/31/19
Improvement authorizations (continued)					
Road equipment	\$ -	\$ -	\$ 20,294	\$ 50,000	\$ 29,706
Improvement to Dilts Park	-	-	20	15,000	14,980
Improvements to municipal facilities	-	-	19	25,000	24,981
Police equipment and vehicles	-	-	23,968	28,000	4,032
Various road improvements	-	-	82,787	102,000	19,213
Lower Creek Road	-	-	8,750	35,000	26,250
<b>Total</b>	<b>\$ 895,400</b>	<b>\$ 1,171,332</b>	<b>\$ 1,029,907</b>	<b>\$ -</b>	<b>\$ 1,036,825</b>
<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, 2019 (due to)	C		\$ -
Increased by			
Receipts	C-2	\$ 366,832	
Reserve to pay debt service anticipated as 2019 revenue	C-11	<u>28,115</u>	
			<u>394,947</u>
			394,947
Decreased by			
Open space funds	C-8	120,000	
Premium on sale of notes	C-1	11,249	
2019 municipal budget appropriations			
Reserve for purchase of various equipment	C-12	77,178	
Reserve for road improvements	C-15	50,000	
Capital improvement fund	C-10	<u>136,520</u>	
			<u>394,947</u>
			394,947
Balance - December 31, 2019 (due to)	C		<u><u>\$ -</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2018	C	\$	-
Increased by			
Awarded grant - prior year	C-8	\$	40,000
Awarded grant - current year	C-9		<u>54,500</u>
			<u>94,500</u>
			94,500
Decreased by			
Receipts	C-2		<u>94,500</u>
Balance - December 31, 2019	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, 2018	C	\$	6,493,000
Decreased by			
2019 budget appropriation			
Payment of bonds	C-17		<u>457,000</u>
Balance - December 31, 2019	C	\$	<u><u>6,036,000</u></u>

See independent auditors' report.

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

Improvement Description	Balance 12/31/18	2019 Authorization	2019 Note Payments	Cash Received	Deductions	Balance 12/31/19	Analysis of Balance 12/31/19		
							Expendi- tures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Acquisition of development rights and purchase of land #00-25	\$ 120,000	\$ -	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -
Improvements to various roads #13-03	322,571	-	-	-	-	322,571	-	-	322,571
Acquisition of equipment #15-10	93,004	-	-	-	-	93,004	-	-	93,004
Acquisition of fire truck #17-07	570,000	-	-	-	-	570,000	-	-	570,000
Improvements to various roads #17-08+19-05	883,500	447,825	-	-	267,063	1,064,262	-	(124,060)	1,188,322
Acquisition of road equipment #17-09	282,103	-	-	-	-	282,103	-	-	282,103
Improvements to Zentek/ Meszaros Road #18-14	285,000	31,500	-	-	40,000	276,500	109,500	-	167,000
Improvements to Seabrook Road #07-24	21,850	-	-	-	-	21,850	21,850	-	-
Sidewalk installation #19-07	-	192,000	-	-	-	192,000	100,283	4,717	87,000
	<u>\$ 2,578,028</u>	<u>\$ 671,325</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 307,063</u>	<u>\$ 2,822,290</u>	<u>\$ 231,633</u>	<u>\$ (119,343)</u>	<u>\$ 2,710,000</u>
Ref.	C	C-9		C-5;C-18	C-6;C-9	C	C-4	Below	C-19
							Ref.		
							C-9	\$ 565,431	
							C-4	(124,060)	
							C-4	(560,714)	
								<u>\$ (119,343)</u>	

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Improvement Authorizations**

Improvement Description	Ordinance		Balance 12/31/18		2019 Authorization	Paid or Charged	Unexpended Balance Canceled Reassigned	Balance 12/31/19	
	Number	Amount	Funded	Unfunded				Funded	Unfunded
Improvements to various roads	13-03	\$ 600,000	\$ -	\$ 107,392	\$ -	\$ 2,810	\$ -	\$ -	\$ 104,582
Purchase of office equipment	16-11	5,000	3,110	-	-	2,360	-	750	-
Fire protection equipment	16-04	12,200	4,875	-	-	-	-	4,875	-
Fire truck	17-07	600,000	-	4,637	-	3,356	-	-	1,281
Road improvements	17-08	930,000	-	712,495	-	1,072	(711,423)	-	-
Road improvements	17-12	86,521	67,498	-	-	67,498	-	-	-
DPW equipment - radios	17-12	5,000	93	-	-	-	(93)	-	-
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	-
Sidewalks	17-17	30,000	3,435	-	-	3,435	-	-	-
Mezaros Road	17-19	160,000	982	-	-	982	-	-	-
Police interceptor	18-07	35,000	5,843	-	-	5,843	-	-	-
Various road improvements	18-09	160,000	46,217	-	-	24,126	-	22,091	-
Improvements to Zentak/Meszaros Road	18-14	290,000	3,475	285,000	-	288,475	-	-	-
Improvements to Boars Head Road, Sanford Road & Whiskey Lane	19-05	165,675	-	-	463,500	492,295	444,406	-	415,611
Improvements to Meszaros Road	19-06	86,000	-	-	86,000	46,760	-	-	39,240
Sidewalk installation	19-07	217,000	-	-	217,000	212,283	-	-	4,717
Sidewalk easement	19-08	25,000	-	-	25,000	9,198	-	15,802	-
Road equipment	19-09	50,000	-	-	50,000	20,294	-	29,706	-
Improvement to Dilts Park	19-10	15,000	-	-	15,000	20	-	14,980	-
Improvements to municipal facilities	19-11	25,000	-	-	25,000	19	-	24,981	-
Police equipment and vehicles	19-13	28,000	-	-	28,000	23,968	-	4,032	-
Various road improvements	19-14	137,000	-	-	137,000	82,787	(35,000)	19,213	-
Lower Creek Road	19-16	35,000	-	-	35,000	8,750	-	26,250	-
			<u>\$ 141,409</u>	<u>\$ 1,109,524</u>	<u>\$ 1,081,500</u>	<u>\$ 1,296,331</u>	<u>\$ (302,110)</u>	<u>\$ 168,561</u>	<u>\$ 565,431</u>
	Ref.		C	C	Below	Below	Below	C	C
Capital improvement fund	C-10				\$ 182,000				
Fund balance	C-1				25,000				
Deferred charges to future taxation	C-8				671,325				
NJ Department of Transportation	C-6				54,500				
Reserve for purchase of various equipment	C-12				78,000				
Reserve for road improvements	C-15				50,675				
Reserve for improvements to municipal facilities	C-13				20,000				
					<u>\$ 1,081,500</u>				

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Capital Improvement Fund**

	<u>Ref.</u>		
Balance - December 31, 2018	C	\$	11,945
Increased by			
Improvement authorization balance canceled	C-9	\$	35,000
2019 municipal budget appropriations	C-5		<u>136,520</u>
			171,520
			<u>183,465</u>
Decreased by			
Appropriated to finance improvement authorizations	C-9		<u>182,000</u>
Balance - December 31, 2019	C	\$	<u><u>1,465</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Payment of Debt Service**

	<u>Ref.</u>		
Balance - December 31, 2018	C	\$	28,069
Increased by			
Fund balance	C-1		<u>46</u>
			28,115
Decreased by			
Anticipated as a revenue in current fund	C-5		<u>28,115</u>
Balance - December 31, 2019	C	\$	<u><u>-</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Purchase of Various Equipment**

	<u>Ref.</u>		
Balance - December 31, 2018	C	\$	122,337
Increased by			
Improvement authorization balance canceled	C-9	\$	93
2019 municipal budget appropriations	C-5		<u>77,178</u>
			<u>77,271</u>
			199,608
Decreased by			
Appropriated to finance improvement authorizations	C-9		<u>78,000</u>
Balance - December 31, 2019	C	\$	<u><u>121,608</u></u>

C-13

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Improvements to Municipal Facilities**

	<u>Ref.</u>		
Balance - December 31, 2018	C	\$	30,000
Decreased by			
Appropriated to finance improvement authorizations	C-9		<u>20,000</u>
Balance - December 31, 2019	C	\$	<u><u>10,000</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Guard Rails**

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 2,325
Balance - December 31, 2019	C	<u>\$ 2,325</u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Road Improvements**

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 2,603
Increased by		
2019 Municipal budget appropriations	C-5	<u>50,000</u>
		52,603
Decreased by		
Appropriated to finance improvement authorizations	C-9	<u>50,675</u>
Balance - December 31, 2019	C	<u>\$ 1,928</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Encumbrances**

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 46
Increased by		
2019 charges	C-9	<u>266,424</u>
		266,470
Decreased by		
Balances canceled	C-9	<u>46</u>
Balance - December 31, 2019	C	<u><u>\$ 266,424</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 12/31/19		Interest Rate	Balance 12/31/18	Increased	Decreased	Balance 12/31/19
			Date	Amount					
General improvements	12/04/08	\$ 4,190,000	10/15/20	2,000	4.63%	\$ 8,000	\$ -	\$ 2,000	\$ 6,000
			10/15/21	2,000	4.75%	-	-	-	-
			10/15/22	2,000	4.75%	-	-	-	-
Refunding bond issue	08/07/13	2,350,000	10/15/20	225,000	2.10%	880,000	-	230,000	650,000
			10/15/21	215,000	2.10%	-	-	-	-
			10/15/22	210,000	2.10%	-	-	-	-
Refunding bond issue	09/10/15	5,237,250	10/15/20	170,000	4.00%	5,040,000	-	160,000	4,880,000
			10/15/21	175,000	4.00%	-	-	-	-
			10/15/22	185,000	3.00%	-	-	-	-
			10/15/23	195,000	2.38%	-	-	-	-
			10/15/24	200,000	2.50%	-	-	-	-
			10/15/25	210,000	2.63%	-	-	-	-
			10/15/26	215,000	2.75%	-	-	-	-
			10/15/27	220,000	3.50%	-	-	-	-

See independent auditors' report.

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance 12/31/18	Increased	Decreased	Balance 12/31/19
			Date	Amount					
Refunding bond issue (continued)			10/15/28	\$ 240,000	3.50%	\$ -	\$ -	\$ -	\$ -
			10/15/29	245,000	3.50%	-	-	-	-
			10/15/30	260,000	3.50%	-	-	-	-
			10/15/31	270,000	3.25%	-	-	-	-
			10/15/32	280,000	3.25%	-	-	-	-
			10/15/33	300,000	3.50%	-	-	-	-
			10/15/34	310,000	3.50%	-	-	-	-
			10/15/35	330,000	3.50%	-	-	-	-
			10/15/36	340,000	4.00%	-	-	-	-
			10/15/37	360,000	4.00%	-	-	-	-
		10/15/38	375,000	4.00%	-	-	-	-	
General improvements	09/10/15	787,750	10/15/20	65,000	4.00%	565,000	-	65,000	500,000
			10/15/21	65,000	4.00%	-	-	-	-
			10/15/22	70,000	3.00%	-	-	-	-
			10/15/23	70,000	2.38%	-	-	-	-
			10/15/24	75,000	2.50%	-	-	-	-
			10/15/25	75,000	2.63%	-	-	-	-
			10/15/26	80,000	2.75%	-	-	-	-
					\$ 6,493,000	\$ -	\$ 457,000	\$ 6,036,000	
				<u>Ref.</u>	C	C-7	C		

See independent auditors' report.



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

Ordinance Number	Improvement Description	Balance 12/31/2018	Increased	Decreased	Balance 12/31/2019
00-25	Acquisition of development rights and purchase of land	\$ 120,000	\$ -	\$ 120,000	\$ -
07-24	Improvements to Seabrook Road	21,850	-	-	21,850
17-08;19-05	Improvement for various roads	303,071	447,825	874,956	(124,060)
18-14	Improvement for Zentek/Meszaros Road	285,000	31,500	207,000	109,500
19-07	Sidewalk installation	-	192,000	87,000	105,000
		<u>\$ 729,921</u>	<u>\$ 671,325</u>	<u>\$ 1,288,956</u>	<u>\$ 112,290</u>
	<u>Ref.</u>	C	C-9	Below	C
			<u>Ref.</u>		
	Cash receipt		C-8	\$ 120,000	
	NJ Department of Transportation		C-6	40,000	
	Bond anticipation notes issued		C-19	861,893	
	Authorizations canceled		C-9	267,063	
				<u>\$ 1,288,956</u>	

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Bond Anticipation Notes Payable**

Ordinance Number	Improvement Description	Original Note	Date of		Interest Rate	Balance 12/31/18	Increased	Decreased	Balance 12/31/19	
			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%	95,000	-	1,996	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%	580,429	607,893	-	1,188,322	
17-09	Road equipment	432,000	07/23/19	07/23/20	2.00%	432,000	-	149,897	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>\$ 2,000,000</u>	<u>\$ 861,893</u>	<u>\$ 151,893</u>	<u>\$ 2,710,000</u>	
						<u>Ref.</u>	C	Below	Below	C
Notes issued							\$ 710,000	\$ -		
Notes reallocated						C-2 Contra	151,893	151,893		
							<u>\$ 861,893</u>	<u>\$ 151,893</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, 2019 and 2018**  
**(Unaudited)**

	2019		2018	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund balance utilized	\$ 357,000	1.65	\$ 357,000	1.65
Miscellaneous - from other than local property tax levied	1,128,167	5.20	868,455	4.01
Collection of delinquent taxes & tax title liens	240,504	1.11	297,403	1.37
Collection of current tax levy	<u>19,972,131</u>	<u>92.04</u>	<u>20,122,208</u>	<u>92.97</u>
Total income	<u>21,697,802</u>	<u>100.00</u>	<u>21,645,066</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	4,330,842	20.42	4,198,927	19.77
County taxes	3,258,562	15.36	3,298,870	15.54
Local school taxes	8,743,019	41.22	8,543,195	40.23
Regional school taxes	4,389,139	20.70	4,709,757	22.18
Municipal open space tax	481,203	2.27	480,999	2.27
Other debits to income	<u>5,850</u>	<u>0.03</u>	<u>1,910</u>	<u>0.01</u>
Total expenditures	<u>21,208,615</u>	<u>100.00</u>	<u>21,233,658</u>	<u>100.00</u>
Excess in revenue	489,187		411,408	
Adjustment to income before fund balance				
Expenditures included above which are by statute deferred charges to budgets of succeeding years	<u>-</u>		<u>5,513</u>	
Regulatory excess to fund balance	489,187		416,921	
<u>Fund Balance</u>				
Fund balance January 1,	<u>731,531</u>		<u>671,610</u>	
	1,220,718		1,088,531	
Less: utilization as anticipated revenue	<u>357,000</u>		<u>357,000</u>	
Fund balance December 31,	<u>\$ 863,718</u>		<u>\$ 731,531</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	
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
2010	0.30	0.39	0.84	0.54	2.07

\* 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
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%
2010	906,710,120	1,014,206,825	89.40%

\* 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
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%
2010	18,887,078	18,422,195	97.54%

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
2010	\$ 10,571,520	\$ 595,297,600	\$ 1,065,700	\$ 18,830,500	\$ 272,201,900	\$ 8,742,900	\$ 906,710,120
2011	12,373,520	594,251,900	1,065,700	18,597,500	274,268,500	8,742,900	909,300,020
2012	11,155,520	598,887,800	1,065,700	19,047,700	271,316,300	8,740,600	910,213,620
2013 *	8,649,620	515,755,700	939,500	17,203,300	235,828,100	7,270,600	785,646,820
2014	8,135,620	525,352,300	939,500	17,196,100	231,875,600	7,270,600	790,769,720
2015	6,913,420	536,516,600	939,500	17,273,600	223,780,610	7,270,600	792,694,330
2016	7,096,320	537,945,200	939,500	17,745,400	224,308,810	7,270,600	795,305,830
2017	6,357,320	537,507,700	939,500	17,968,600	226,194,210	7,270,600	796,237,930
2018	5,442,620	541,959,000	939,500	17,834,900	224,110,710	7,270,600	797,557,330
2019	5,323,320	543,247,600	939,500	18,069,700	225,393,010	7,270,600	800,243,730

\* 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
2010	\$ 10,270	\$ 463,423	\$ 473,693	2.51%
2011	20,156	375,395	395,551	2.10%
2012	19,164	397,912	417,076	2.17%
2013	21,328	415,485	436,813	2.30%
2014	16,648	422,155	438,803	2.24%
2015	20,549	356,882	377,431	1.88%
2016	22,871	394,898	417,769	2.10%
2017	25,718	291,295	317,013	1.58%
2018	37,729	242,915	280,644	1.38%
2019	65,020	292,882	357,902	1.76%

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>
2019	None
2018	None
2017	None
2016	None
2015	None
2014	None
2013	None
2012	None
2011	None
2010	None

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>December 31,</u>	<u>Amount</u>	<u>Utilized in Budget of Succeeding Year</u>
Current fund	2019	\$ 863,718	\$ 407,000
	2018	735,388	357,000
	2017	671,610	357,000
	2016	501,390	357,031
	2015	489,472	295,437
	2014	265,160	241,000
	2013	388,940	350,000
	2012	450,872	395,000
	2011	446,570	414,000
	2010	551,888	518,000

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data**  
**Debt Incurring Capacity as of December 31, 2019**  
**(Unaudited)**

Municipal

1. Equalized valuations of real property (2019, 2018, 2017)	\$ 867,608,017
2. Permitted municipal debt limitation (3.5% of \$867,608,017)	30,366,281
3. Net debt issued, outstanding & authorized	8,858,290
4. Excess school borrowing	-
5. Total charges to borrowing margin	<u>8,858,290</u>
6. Remaining municipal borrowing capacity	<u><u>\$ 21,507,991</u></u>

Local School District

1. Permitted school district debt limitation (3.0% of \$867,608,017)	\$ 26,028,241
2. Debt issued, outstanding & authorized	<u>3,865,000</u>
3. Remaining local school district borrowing capacity	<u><u>\$ 22,163,241</u></u>

Gross & Statutory Net Debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage
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%
2010	14,932,151	8,468,801	0.84%

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data**  
**Statement of Indebtedness as of December 31, 2019**  
**(Unaudited)**

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds	\$ 6,036,000		
Notes	2,710,000		
Bonds and notes authorized but not issued	<u>112,290</u>		
			\$ 8,858,290
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds	3,865,000		
Notes	-		
Bonds and notes authorized but not issued	<u>-</u>		
			3,865,000
Regional school district			
Bonds	379,482		
Notes	-		
Bonds and notes authorized but not issued	<u>-</u>		
			<u>379,482</u>
Total gross debt			<u>13,102,772</u>
Statutory deductions			
Municipal		-	
Local school district	3,865,000		
Regional school district	<u>379,482</u>		
			<u>4,244,482</u>
Total net debt			<u><u>\$ 8,858,290</u></u>
Overlapping debt as of December 31, 2019			
	Debt	Estimated %	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ 3,865,000	100.00%	\$ 3,865,000
Regional school district debt	4,145,000	9.16%	379,482
County debt	85,870,477	4.01%	<u>3,443,854</u>
Total overlapping debt			<u><u>\$ 7,688,336</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data**  
**Statement of Indebtedness as of December 31, 2019 (continued)**  
**(Unaudited)**

Gross debt		\$ 13,102,772
Per capita (population 2010 census - 4,563)	\$ 2,872	
Percent of average equalized valuation basis (2019 - \$867,608,017)	1.51%	
Percent of net valuation taxable (2019 - \$800,243,730)	1.64%	
 Net municipal debt		 8,858,290
Per capita (population 2010 census - 4,563)	\$ 1,941	
Percent of average equalized valuation basis (2019 - \$867,608,017)	1.02%	
Percent of net valuation taxable (2019 - \$800,243,730)	1.11%	
 Overall debt (gross and overlapping debt)		 16,546,626
Per capita (population 2010 census - 4,563)	\$ 3,626	
Percent of average equalized valuation basis (2019 - \$867,608,017)	1.91%	
Percent of net valuation taxable (2019 - \$800,243,730)	2.07%	

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Insurance (Unaudited)**  
**December 31, 2019**

	<u>Coverage</u>	<u>Deductible</u>
Workers Compensation - Somerset County Joint Insurance Fund Policy Limit	Statutory	
Package Policy - Somerset County Joint Insurance Fund		
Property - Buildings & Contents - Fund Limit	\$ 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	100,000	-

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

Adequacy of insurance coverage is the responsibility of the Municipality.

**TOWNSHIP OF DELAWARE**

**PART III**

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

**SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**SCHEDULE OF FINDINGS AND RESPONSES**

**LIST OF OFFICIALS**

**GENERAL COMMENTS**

**ACKNOWLEDGEMENTS**



Certified Public Accountants, PC

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**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, 2019, and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated June 24, 2020. 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

June 24, 2020  
Flemington, New Jersey



**TOWNSHIP OF DELAWARE**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended December 31, 2019**

Grant	Project Number	Program or Award Amount	Grant Period	Balance 12/31/18	Receipts	Expended	Adjustments/ Repayments	Balance 12/31/19	Memo Cumulative Expenditure
Current fund									
NJ body armor - 2015	066-1020-718-001	\$ 900	Continuous	\$ 900	\$ -	\$ 900	\$ -	\$ -	\$ 900
NJ body armor - 2016	066-1020-718-001	1,061	Continuous	1,061	-	248	-	813	248
NJ body armor - 2017	066-1020-718-001	1,062	Continuous	1,062	-	-	-	1,062	-
NJ body armor - 2019	066-1020-718-001	1,137	Continuous	-	1,137	-	-	1,137	-
Somerset County - click it or ticket it	Not available	5,500	Continuous	5,500	-	-	-	5,500	-
Office of emergency management - 2005	Not available	1,245	Continuous	1,245	-	-	-	1,245	-
DWI - prior 2013	098-9735-760-001	Unavailable	Continuous	179	-	-	-	179	1,600
Storm water management	Not available	Unavailable	Continuous	4,950	-	-	-	4,950	-
Delaware river greenway	Not available	Unavailable	Continuous	1,834	-	-	-	1,834	-
Recreation trails program	Not available	Unavailable	Continuous	(264)	-	-	-	(264)	-
Clean communities program - 2015	765-042-4900-004	15,627	Continuous	15,627	-	-	-	15,627	-
Clean communities program - 2016	765-042-4900-004	26,764	Continuous	26,764	-	-	-	26,764	-
Clean communities program - 2017	765-042-4900-004	22,738	Continuous	9,941	-	-	350	10,291	12,797
Clean communities program - 2018	765-042-4900-004	21,708	Continuous	21,708	-	17,241	-	4,467	17,241
Clean communities program - 2019	765-042-4900-004	24,236	Continuous	-	24,236	-	-	24,236	-
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	856	-	670	-	186	1,412
Recycling grant - 2017	752-042-4900-001	2,400	Continuous	2,400	-	-	-	2,400	-
Recycling grant - 2018	752-042-4900-001	2,298	Continuous	2,298	-	-	-	2,298	-
Recycling grant - 2019	752-042-4900-001	3,132	Continuous	3,132	-	-	-	3,132	-
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	-	800	690	-	110	690
Total current fund				<u>209,954</u>	<u>29,845</u>	<u>19,749</u>	<u>350</u>	<u>220,400</u>	<u>51,160</u>

See independent auditors' report

**TOWNSHIP OF DELAWARE**  
**Schedule of Expenditures of State Financial Assistance (continued)**  
**For the Year Ended December 31, 2019**

Grant	Project Number	Program or Award Amount	Grant Period	Balance 12/31/18	Receipts	Expended	Adjustments/ Repayments	Balance 12/31/19	Memo Cumulative Expenditure	
Capital fund										
	NJ Department of Transportation - Sanford Road	480-078-6320	150,000	Continuous	\$ -	\$ -	\$ 790	\$ -	\$ (790)	\$ 790
	NJ Department of Transportation - sidewalk project	480-078-6320	151,346	Continuous	-	-	151,346	-	(151,346)	151,346
	NJ Department of Transportation - Meszaros Road	480-078-6320	126,000	Continuous	-	94,500	46,760	(40,000)	7,740	86,760
	Total capital fund				<u>-</u>	<u>94,500</u>	<u>198,896</u>	<u>(40,000)</u>	<u>(144,396)</u>	<u>238,896</u>
	Total state financial assistance				<u>\$ 209,954</u>	<u>\$ 124,345</u>	<u>\$ 218,645</u>	<u>\$ (39,650)</u>	<u>\$ 76,004</u>	<u>\$ 290,056</u>

See independent auditors' report

**TOWNSHIP OF DELAWARE**  
**Notes to Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended December 31, 2019**

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, 2019.

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	\$ 19,399	\$ -	\$ 19,399
Capital Fund	198,896	-	198,896
Total	<u>\$ 218,295</u>	<u>\$ -</u>	<u>\$ 218,295</u>

Note 4 - Adjustments on Schedule of Expenditures of State Financial Assistance

On Schedule 1, for the NJ Department of Transportation – Meszaros Road grant, the adjustment of \$40,000 represents expenses incurred in an earlier improvement authorization for this project.

**TOWNSHIP OF DELAWARE**  
**Schedule of Findings and Responses**

**General Comments and Recommendations**

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

**Status of Prior Year's Audit Findings/Recommendations**

Corrective action has been taken on prior year recommendations.

**TOWNSHIP OF DELAWARE**  
**List of Officials**

Officials in Office and Surety Bonds

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

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

\* \* \* \* \*

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

**TOWNSHIP OF DELAWARE**  
**General Comments**  
**(Unaudited)**

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

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

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

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

Road maintenance & repairs

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 2019 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>
2019	6
2018	4
2017	3

**TOWNSHIP OF DELAWARE**  
**Acknowledgements**

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

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

*BKC, CPAs, PC*

**BKC, CPAs, PC**

*William Colantano*

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William M. Colantano, Jr.  
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Registered Municipal Accountant