

TOWNSHIP OF BASS RIVER

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2019**

**TOWNSHIP OF BASS RIVER
COUNTY OF BURLINGTON**

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**TOWNSHIP OF BASS RIVER
COUNTY OF BURLINGTON**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Board of Commissioners
Township of Bass River
County of Burlington
New Gretna, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Bass River as of December 31, 2019, and the related statement of operations and changes in fund balance - regulatory basis for the year then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

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

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

The supplemental schedules presented for the various funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

The letter of comments and recommendations section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Prior Period Financial Statements

The financial statements as of December 31, 2018, were audited by other auditors whose report dated June 5, 2019 expressed an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2020 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA No. 435

Medford, New Jersey
June 25, 2020

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S 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 Board of Commissioners
Township of Bass River
County of Burlington
New Gretna, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Bass River, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 25, 2020. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free 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 one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of financial statement findings as Finding No. 2019-001.

Township of Bass River's Response to Findings

The Township of Bass River's response to the findings identified in our audit is described in the accompanying schedule of financial statement findings. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA No. 435

Medford, New Jersey
June 25, 2020

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE -- REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	<u>2019</u>	<u>2018</u>
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 815,125	\$ 633,387
Change Fund	A-5	525	525
Due From State of New Jersey	A	<u>2,480</u>	<u>2,230</u>
Total Regular Fund		<u>818,130</u>	<u>636,142</u>
Receivables & Other Assets:			
Delinquent Property Taxes Receivable	A-6	100,094	102,615
Tax Title Liens Receivable	A-7	236,168	391,717
Property Acquired for Taxes - Assessed Valuation	A-8	1,157,900	1,305,100
Revenue Accounts Receivable	A-9	13,534	6,828
Regional School Tax Receivable	A-12	-	7,832
Due from Trust Other	B	15,218	57
Due from Capital Fund	C	90	72,470
Due from Animal Control Fund	B	<u>1</u>	<u>-</u>
Total Receivables & Other Assets		<u>1,523,005</u>	<u>1,886,619</u>
Deferred Charges To Future Taxation:			
Expenditure without Appropriation	A-17	94,500	184,128
Special Emergency - Truck	A-17	<u>19,110</u>	<u>39,539</u>
Total		<u>113,610</u>	<u>223,667</u>
Total Regular Funds		<u>2,454,745</u>	<u>2,746,428</u>
State & Federal Grants:			
Federal & State Grants Receivable	A-14	590,941	256,946
Due from Current Fund	A	<u>151,899</u>	<u>273,623</u>
Total State & Federal Grants		<u>742,840</u>	<u>530,569</u>
Total		<u>\$ 3,197,585</u>	<u>\$ 3,276,997</u>

The accompanying Notes to the Financial Statements are an intergral part of this Statement.

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE -- REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	<u>2019</u>	<u>2018</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-10	\$ 84,739	\$ 32,453
Encumbrances Payable	A-3	53,704	12,678
Prepaid Taxes	A-4	88,162	51,241
Tax Overpayments	A	3,868	-
Due County for Added & Omitted Taxes	A-13	2,465	845
Local District School Tax Payable	A-11	59,672	34,157
Regional District School Tax Payable	A-12	21,071	-
Due to State and Federal Grant Fund	A	<u>151,899</u>	<u>273,623</u>
 Total Liabilities		 <u>465,580</u>	 <u>404,997</u>
 Reserves for Receivable & Other Assets	A	 1,523,005	 1,886,619
Fund Balance	A-1	<u>466,160</u>	<u>454,812</u>
 Total Regular Fund		 <u>2,454,745</u>	 <u>2,746,428</u>
State & Federal Grants:			
Appropriated Reserves	A-15	624,719	336,045
Unappropriated Reserves	A-16	104,896	194,524
Encumbrances Payable	A-15	<u>13,225</u>	<u>-</u>
 Total State & Federal Grants		 <u>742,840</u>	 <u>530,569</u>
 Total Liabilities, Reserves & Fund Balance		 <u>\$ 3,197,585</u>	 <u>\$ 3,276,997</u>

The accompanying Notes to the Financial Statements are an intergral part of this Statement.

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 211,651	\$ 297,500
Miscellaneous Revenue Anticipated	1,436,969	839,354
Receipts From Current Taxes	4,044,614	3,548,286
Receipts From Delinquent Taxes	117,282	100,227
Non-Budget Revenue	83,943	211,895
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	10,033	15,262
Interfunds Liquidated	15,809	16,577
Cancellation of Prior Year Liability	-	1,831
Prior Year Disallowed	-	500
	<u>5,920,301</u>	<u>5,031,432</u>
Total		
Expenditures:		
Operations Within "CAPS"		
Salaries and Wages	402,827	381,117
Other Expenses	607,821	574,265
Deferred Charges & Statutory Expenditures Within "CAPS"	75,409	128,895
Operations Excluded From "CAPS"		
Salaries and Wages	3,060	3,060
Other Expenses	518,504	356,147
Municipal Debt Service Excluded From "CAPS"	350,000	-
Deferred Charges & Statutory Expenditures Excluded From "CAPS"	204,557	20,249
County Taxes	698,611	673,863
Due County for Added & Omitted Taxes	2,465	845
Local District School Tax	1,565,430	1,289,402
Regional High School Tax	1,253,165	1,211,766
Interfunds Created	15,453	-
	<u>5,697,302</u>	<u>4,639,609</u>
Total Expenditures		
Excess in Revenue	<u>222,999</u>	<u>391,823</u>
Fund Balance January 1	<u>454,812</u>	<u>360,489</u>
Total	677,811	752,312
Decreased by:		
Utilization as Anticipated Revenue	<u>211,651</u>	<u>297,500</u>
Balance December 31	<u>\$ 466,160</u>	<u>\$ 454,812</u>

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

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	ANTICIPATED	ADDED BY N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 211,651	\$ -	\$ 211,651	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	7,000	-	7,750	750
Fees & Permits	14,000	-	15,564	1,564
Fines & Costs:				
Municipal Court	140,000	-	159,900	19,900
Interest & Costs on Taxes	20,000	-	18,312	(1,688)
Sale of Land	112,990	-	115,040	2,050
Tower Rental	63,349	-	65,262	1,913
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	142,045	-	142,045	-
Consolidated Municipal Property Tax Relief Aid	1,754	-	1,754	-
Garden State Trust Fund	160,491	-	160,491	-
Interfund Receivable	57,000	-	57,000	-
Special Items Offset with Appropriations:				
Clean Communities Grant	-	7,762	7,762	-
Alcohol Education and Rehabilitation Program	-	965	965	-
Recycling Tonnage Grant	4,311	-	4,311	-
Municipal Aid Program - 2020	-	245,000	245,000	-
NJ Transportation Trust Fund Authority Act	250,000	-	250,000	-
Forest Service Volunteer Fire Assistance Program	1,685	-	1,685	-
Municipal Park Development Program	184,128	-	184,128	-
Total Miscellaneous Revenues	1,158,753	253,727	1,436,969	24,489
Receipts From Delinquent Taxes	100,000	-	117,282	17,282
Subtotal General Revenues	1,470,404	253,727	1,765,902	41,771
Local Tax for Municipal Purposes	637,746	-	716,810	79,064
Budget Totals	2,108,150	253,727	2,482,712	120,835
Nonbudget Revenues	-	-	83,943	83,943
Total	\$ 2,108,150	\$ 253,727	\$ 2,566,655	\$ 204,778

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

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 4,044,614
Allocated to School, County & Fire District Taxes	<u>3,527,503</u>
Balance for Support of Municipal Budget Appropriations	517,111
Increased by Appropriation - Reserve for Uncollected Taxes	<u>199,699</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 716,810</u></u>
Receipts From Delinquent Taxes:	
Tax Title Lien Collections	\$ 24,591
Delinquent Tax Collections	<u>92,691</u>
Total Receipts From Delinquent Taxes	<u><u>\$ 117,282</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenues Not Anticipated:	
Cash - Treasurer:	
Washington Twp. Court Interlocal Payment	\$ 7,561
Assessment Services	30
Zoning Fees	420
Cable Fees	4,191
Maintenance Yard Rent	14,400
Senior & Vet Admin Fee	330
Billboard Fees	4,100
Campground Fees	7,140
Interest on Investments	1,894
PILOT	2,500
Septic Charges	10,323
Vacant Property Registration	14,000
Miscellaneous	<u>17,054</u>
Total	<u><u>\$ 83,943</u></u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Department of Revenue & Finance:				
Director's Office:				
Salaries and Wages	\$ 4,800	\$ 4,800	\$ 4,698	\$ 102
Administrative and Executive:				
Salaries and Wages	7,500	7,500	6,895	605
Other Expenses	13,000	13,650	13,597	53
Financial Administration (Treasury):				
Salaries and Wages	23,068	24,068	24,068	-
Other Expenses	12,600	12,600	12,261	339
Tax Assessment Administration:				
Salaries and Wages	23,970	23,970	22,923	1,047
Other Expenses	3,876	3,876	3,848	28
Collection of Taxes:				
Salaries and Wages	20,123	20,123	19,148	975
Other Expenses	6,450	6,450	5,563	887
Liquidation of Tax Title Liens & Foreclosed Property:				
Other Expenses	25,000	21,500	18,748	2,752
Auditing Services:				
Other Expenses	19,750	20,295	20,295	-
Municipal Clerk:				
Salaries and Wages	56,100	56,100	56,100	-
Legal Services:				
Other Expenses	35,000	35,000	29,974	5,026
Engineering Services:				
Other Expenses	55,000	55,000	49,745	5,255
Planning Board:				
Salaries and Wages	4,800	4,800	3,711	1,089
Other Expenses	5,000	8,000	7,244	756
Sewer Systems:				
Salaries and Wages	11,404	12,904	12,904	-
Other Expenses	12,000	12,000	10,844	1,156
Recreation:				
Other Expenses	3,000	3,000	2,750	250
Utility Expenses & Bulk Purchases:				
Telephone	8,000	8,000	6,824	1,176
Gas (Propane)	6,000	6,000	5,407	593
Electricity	9,000	15,000	9,302	5,698
Street Lighting	24,000	24,000	19,333	4,667
Gasoline	10,000	11,000	10,756	244
Department of Public Works, Parks & Public Property:				
Director's Office:				
Salaries and Wages	4,386	4,386	4,161	225
Buildings and Grounds:				
Other Expenses	12,000	12,000	11,741	259
Streets and Road Maintenance:				
Salaries and Wages	36,720	36,720	28,275	8,445
Other Expenses	36,000	29,250	17,780	11,470

The accompanying Notes to the Financial Statements are an intergral part of this Statement.

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Convenience Center:				
Salaries and Wages	53,856	53,856	47,477	6,379
Other Expenses	125,000	132,000	131,962	38
Landfill Closure Costs:				
Other Expenses	300	400	335	65
Department of Public Affairs & Safety:				
Director's Office:				
Salaries and Wages	4,300	4,300	4,161	139
Fire:				
Other Expenses	35,000	35,000	33,587	1,413
EMS - First Responder	5,000	5,000	4,999	1
First Aid Organization Contribution	12,000	12,000	12,000	-
Municipal Prosecutor:				
Other Expenses	22,300	22,300	21,900	400
Bailiff:				
Salaries and Wages	5,800	5,800	5,800	-
Municipal Court:				
Salaries and Wages	135,000	135,000	135,000	-
Other Expenses	26,000	26,000	25,968	32
Public Defender:				
Other Expenses	9,000	11,000	10,785	215
Office of Emergency Management:				
Other Expenses	3,000	3,000	2,803	197
Code Enforcement:				
Salaries and Wages	4,800	4,800	3,570	1,230
Other Expenses	100	100	-	100
Dog Regulation:				
Other Expenses	4,200	5,200	4,698	502
Zoning Enforcement:				
Salaries and Wages	3,700	3,700	2,703	997
Other Expenses	1,700	1,700	1,468	232
State Uniform Construction Code:				
Construction Official:				
Other Expenses	1,000	1,000	559	441
Insurance:				
General Liability	20,500	20,500	20,500	-
Workers Compensation	36,000	36,000	33,441	2,559
Total Operations Within "CAPS"	997,103	1,010,648	942,611	68,037

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

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Detail:				
Salaries and Wages	400,327	402,827	381,594	21,233
Other Expenses	596,776	607,821	561,017	46,804
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Contributions to:				
Public Employees' Retirement System	33,285	33,409	33,409	-
Social Security System (O.A.S.I.)	31,000	31,000	29,051	1,949
Unemployment Insurance	22,000	11,000	2,427	8,573
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	86,285	75,409	64,887	10,522
Total General Appropriations for Municipal Purposes Within "CAPS"	1,083,388	1,086,057	1,007,498	78,559
Operations - Excluded from "CAPS"				
Other Operations:				
Recycling Tax	1,800	1,800	1,703	97
Total Other Operations - Excluded From "CAPS"	1,800	1,800	1,703	97
Additional Appropriations Offset by Revenues				
Utility Maintenance:				
Salaries and Wages	3,060	3,060	3,028	32
Other Expenses	9,650	6,981	930	6,051
Total Additional Appropriations Offset by Revenues	12,710	10,041	3,958	6,083
Public and Private Programs Offset by Revenues				
Forest Service Volunteer Fire Assistant Program	1,685	1,685	1,685	-
NJ DOT Trust Fund Authority Act	250,000	250,000	250,000	-
Clean Communities Program	-	7,762	7,762	-
Alcohol Education and Rehabilitation Fund	-	965	965	-
NJDOT Municipal Aid Program	-	245,000	245,000	-
Recycling Tonnage	4,311	4,311	4,311	-
Total Additional Appropriations Offset by Revenues	255,996	509,723	509,723	-

The accompanying Notes to the Financial Statements are an intergral part of this Statement.

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Total Operations Excluded From "CAPS"	270,506	521,564	515,384	6,180
Detail:				
Salaries and Wages	3,060	3,060	3,028	32
Other Expenses	267,446	518,504	512,356	6,148
Municipal Debt Service - Excluded From "CAPS"				
Payment of Bond Anticipation Notes and Capital Notes	350,000	350,000	350,000	-
Municipal Debt Service - Excluded From "CAPS"	350,000	350,000	350,000	-
Deferred Charges - Municipal - Excluded From "CAPS"				
Expenditure without an Appropriation				
Municipal Parks Development	184,128	184,128	184,128	-
Special Emergency Authorizations - 5 Years	20,429	20,429	20,429	-
Deferred Charges - Municipal - Excluded From "CAPS"	204,557	204,557	204,557	-
Total General Appropriations Excluded From "CAPS"	825,063	1,076,121	1,069,941	6,180
Subtotal General Appropriations	1,908,451	2,162,178	2,077,439	84,739
Reserve For Uncollected Taxes	199,699	199,699	199,699	-
Total General Appropriations	\$ 2,108,150	\$ 2,361,877	\$ 2,277,138	\$ 84,739
Original Appropriations		\$ 2,108,150		
Added per N.J.S.A.40A:4-87		253,727		
Total		\$ 2,361,877		
Reserve for Uncollected Taxes			\$ 199,699	
Encumbrances Payable			53,704	
Deferred Charge			204,557	
Refunds			(18,268)	
Cash Disbursements			1,327,723	
Reserve for State & Federal Grants Appropriated			509,723	
Total			\$ 2,277,138	

The accompanying Notes to the Financial Statements are an intergral part of this Statement.

**TOWNSHIP OF BASS RIVER
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE -- REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	2019	2018
Animal Control Fund:			
Cash	B-1	\$ 307	\$ 84
Total Animal Control Fund		<u>307</u>	<u>84</u>
Assessment Fund:			
Assessment Receivable	B-4	195	195
Total Assessment Fund		<u>195</u>	<u>195</u>
Other Funds:			
Cash	B-1	55,041	48,817
Total Other Funds		<u>55,041</u>	<u>48,817</u>
Total Assets		<u>\$ 55,543</u>	<u>\$ 49,096</u>
LIABILITIES & RESERVES			
Animal Control Fund:			
Due To Current Fund	A	\$ 1	\$ -
Reserve for Animal Control Fund Expenditures	B-2	306	84
Total Animal Control Fund		<u>307</u>	<u>84</u>
Assessment Fund:			
Reserve for Assessment Receivable	B-5	195	195
Total Assessment Fund		<u>195</u>	<u>195</u>
Other Funds:			
Reserve for Unemployment Fund	B-8	44	44
Reserve for Fire Penalty	B-8	51	51
Reserve for Public Defender	B-8	2,753	1,323
Reserve for Escrow Deposits	B-8	31,400	29,139
Reserve for Landfill Closure Trust	B-8	-	2,191
Reserve for Tax Sale Premiums	B-8	5,575	475
Reserve for Payroll Deductions Payable	B-6	-	15,537
Due To Current Fund	B-7	15,218	57
Total Other Funds		<u>55,041</u>	<u>48,817</u>
Total Liabilities & Reserves		<u>\$ 55,543</u>	<u>\$ 49,096</u>

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

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE -- REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	<u>2019</u>	<u>2018</u>
Cash	C-2	\$ 277,620	\$ -
Deferred Charges to Future Taxation:			
Unfunded	C-3	<u>-</u>	<u>380,303</u>
 Total Assets		<u><u>\$ 277,620</u></u>	<u><u>\$ 380,303</u></u>
 LIABILITIES, RESERVES & FUND BALANCE			
Due To Current Fund	A	\$ 90	\$ 72,470
Improvement Authorizations:			
Funded	C-4	165,803	15,094
Unfunded	C-4	-	181,012
Capital Improvement Fund	C-5	111,373	111,373
Fund Balance	C-1	<u>354</u>	<u>354</u>
 Total Liabilities, Reserve & Fund Balance		<u><u>\$ 277,620</u></u>	<u><u>\$ 380,303</u></u>

There were Bonds & Notes Authorized but not Issued on December 31, 2019 of \$0- and on December 31, 2018 there were \$380,303.

**TOWNSHIP OF BASS RIVER
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

ASSETS	<u>2019</u>	<u>2018</u>
Land	\$ 1,887,600	\$ 1,887,600
Buildings and Improvements	654,328	654,328
Machinery & Equipment	<u>1,273,532</u>	<u>1,271,038</u>
Total	<u>\$ 3,815,460</u>	<u>\$ 3,812,966</u>
FUND BALANCE		
Investment in Fixed Capital	<u>\$ 3,815,460</u>	<u>\$ 3,812,966</u>

The accompanying Notes to the Financial Statements are an intergral part of this Statement.

**TOWNSHIP OF BASS RIVER
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Township of Bass River is a large, 72 square mile Township on the eastern edge of Burlington County in the New Jersey Pinelands. Its sparse population, rural character, pristine streams and rivers with access to Great Bay, marinas, and campgrounds define the Township. New Gretna is the historic business and residential center of the Township.

The Township of Bass River is governed by a Commission Form of Government. Voters elect three (3) Commissioners, at-large, nonpartisan, every 4 years. The Mayor is elected by the Board of Commissioner at reorganization for a 4-year term. The Mayor presides over Board of Commissioners.

This three-member governing body is empowered to enact local ordinances, to levy municipal taxes and conduct the affairs of our community. Each Commissioner acts as department head with no single chief executive. The Board of Commissioners conducts all of its business during monthly meetings open to the public.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

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

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Summary of Significant Accounting Policies (continued):

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

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

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

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

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1. Summary of Significant Accounting Policies (continued):

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

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America.

In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$2,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" 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 Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1. Summary of Significant Accounting Policies (continued):

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

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

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Burlington, and Township of Bass River School District and Pinelands Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Township of Bass River School District and Pinelands Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July I to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

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

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1. Summary of Significant Accounting Policies (continued):

provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township’s financial statements.

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2019:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following effective dates have been updated to reflect the implementation of Statement No. 95.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management does not expect this Statement to have a material impact on the Township’s financial statements.

TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Summary of Significant Accounting Policies (continued)

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the Township's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. This statement had no material impact on the Township's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the Township's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations;

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1. Summary of Significant Accounting Policies (continued)

and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the Township's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township 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 Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2019, the Township's bank balance of \$1,154,307 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$	1,097,253
Uninsured and Uncollateralized		<u>57,054</u>
		<u>\$ 1,154,307</u>

Investments

The Township had no investments as of December 31, 2019.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 2.444</u>	<u>\$ 2.133</u>	<u>\$ 2.145</u>
Apportionment of Tax Rate:			
Municipal	0.374	0.164	0.156
County	0.411	0.391	0.419
Local School	0.740	0.879	0.863
Regional School	0.919	0.699	0.707

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 3. Property Taxes (continued):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 170,388,700
2018	172,260,400
2017	172,022,997

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$ 4,178,952	\$ 4,044,614	96.78%
2018	3,678,923	3,548,286	96.44%
2017	3,733,592	3,588,825	96.12%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2019	\$ 236,168	\$ 100,094	\$ 336,262	8.05%
2018	391,717	102,615	494,332	13.44%
2017	616,918	110,735	727,653	19.49%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2019	71
2018	124
2017	155

Note 4: Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2019	\$ 1,157,900
2018	1,305,100
2017	1,014,300

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 5. Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2019	\$ 466,160	\$ 175,000	37.54%
2018	454,812	211,651	46.54%
2017	360,489	297,500	82.53%

Note 6. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 7. Interfund Receivables, Payables and Transfers

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

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 15,309	\$ 151,899
State and Federal Grant Fund	151,899	-
Animal Control Trust	-	1
Trust Other Fund	-	15,218
Capital Fund	-	90
	<u>\$ 167,208</u>	<u>\$ 167,208</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 72,809	\$ 15,453
Trust Other Fund	15,453	339
Capital Fund	-	72,470
	<u>\$ 88,262</u>	<u>\$ 88,262</u>

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 7. Interfund Receivables, Payables and Transfers (continued):

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2019.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Land	\$ 1,887,600	\$ -	\$ -	\$ 1,887,600
Buildings and Improvements	654,328	-	-	654,328
Machinery & Equipment	1,271,038	5,169	(2,675)	1,273,532
	<u>\$ 3,812,966</u>	<u>\$ 5,169</u>	<u>\$ (2,675)</u>	<u>\$ 3,815,460</u>

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service

TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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 noncontributory group insurance benefits is based on actual claims paid. For the 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, P.L. 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. For the year ended December 31, 2019, the Township's contractually required contribution to PERS plan was \$27,338.

Components of Net Pension Liability - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$506,412. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Township's proportion measured as of June 30, 2019, was 0.0028105117% which was a decrease of 0.0005304683% from its proportion measured as of June 30, 2018.

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 82,417	\$ 158,200
Deferred Inflows of Resources	391,018	384,205
Net Pension Liability	506,412	657,823
Township's portion of the Plan's total Net Pension Liability	0.00281%	0.00334%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$(41,354). This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$27,338 to the plan in 2019.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 9,089	\$ 2,237
Changes of Assumptions	50,567	175,774
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	7,994
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>22,761</u>	<u>205,013</u>
	<u>\$ 82,417</u>	<u>\$ 391,018</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2020	\$ (75,630)
2021	(101,402)
2022	(64,888)
2023	(59,801)
2024	(6,880)
	<hr style="width: 100%;"/>
	\$ (308,601)

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026	2.00 - 6.00%	Based on Years of Service
Thereafter	3.00 - 7.00%	Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
PERS	Pub-2010 General Classification Headcount 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	
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based		July 1, 2014 - June 30, 2018

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.

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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.

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 Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS'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	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 644,130	\$ 506,412	\$ 396,856

Note 10. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ -	\$ -	\$ -
Total Debt Issued	-	-	-
Authorized but not issued:			
General:			
Bonds, Notes and Loans	-	380,303	380,303
Total Authorized But Not Issued	-	380,303	380,303
Total Gross Debt	\$ -	\$ 380,303	\$ 380,303
Total Net Debt	\$ -	\$ 380,303	\$ 380,303

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10. Municipal Debt (continued):

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School Debt	\$ 3,082,058	\$ 3,082,058	\$ -
General Debt	-	-	-
	\$ 3,082,058	\$ 3,082,058	\$ -
	\$ 3,082,058	\$ 3,082,058	\$ -

Net Debt \$0- divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$172,418,003 equals 0.000%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2019 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 6,034,630
Net Debt	-
Remaining Borrowing Power	\$ 6,034,630

General Debt

A. Serial Bonds Payable

The Township had serial bonds outstanding in the General Capital Fund at December 31, 2019.

B. Bond Anticipation Notes Payable – Short Term Debt

The Township had no bond anticipation notes outstanding in the General Capital Fund at December 31, 2019.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2019, the Township had \$0 in various General Capital bonds and notes authorized but not issued.

Summary of Principal Debt

A summary of the changes in long-term and short-term debt of the Township is as follows:

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10. Municipal Debt (continued):

	Balance December 31, <u>2018</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2019</u>	Balance Due Within <u>One Year</u>
General Capital:					
Bond Anticipation Notes	\$ -	\$ 350,000	\$ 350,000	\$ -	\$ -
Authorized but Not Issued	380,303	-	380,303	-	-
	<u>\$ 380,303</u>	<u>\$ 350,000</u>	<u>\$ 730,303</u>	<u>\$ -</u>	<u>\$ -</u>

Note 11. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2019</u>	2020 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 19,110	\$ 19,110	\$ -
Expenditure without Appropriations	94,500	-	94,500

Note 12. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	Balance, December 31,	
	<u>2019</u>	<u>2018</u>
Total Balance of Local Tax	\$ 759,663	\$ 734,148
Deferred Taxes	<u>699,991</u>	<u>699,991</u>
Local Tax Payable	<u>\$ 59,672</u>	<u>\$ 34,157</u>
<u>Regional Tax</u>	Balance, December 31,	
	<u>2019</u>	<u>2018</u>
Total Balance of Regional Tax	\$ 21,071	\$ (7,832)
Deferred Taxes	<u>-</u>	<u>-</u>
Regional Tax Payable	<u>\$ 21,071</u>	<u>\$ (7,832)</u>

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 13. Risk Management

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

Joint Insurance Pool

The Township is a member of the Burlington County Municipal Joint Insurance Fund. The Fund provides the Township with the following primary coverage:

- Crime
- Commercial General Liability
- Law Enforcement Professional Liability
- Bodily Injury and Property Damage Liability (Auto)
- Workers Compensation
- Environmental Legal Liability

The following “excess” coverage and limits are provided to the Fund’s member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

- Worker’s Compensation
- Commercial General Liability
- Law Enforcement Professional Liability
- Employer’s Liability
- Auto Liability
- Crime

Contributions to the Funds are payable in two installments and are based on actuarial assumptions determined by the Funds’ actuaries. The Fund publishes its own financial report for the year ended December 31, 2019 which can be obtained on the Fund’s website.

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ -	\$ -	\$ -	\$ 44
2018	-	2	2,000	44
2017	-	1	-	2,042

TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 14. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2019 the Township estimates that no material liabilities will result from such audits.

Litigation

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

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2019.

Note 15. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and June 25, 2020, the date the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. Other than the following, no items have come to the attention of the Township that would require disclosure.

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy by way of executive orders, has ordered, among other things: all State residents to remain home or at their place of residence unless they meet one or more enumerated exceptions; all State residents to practice social distancing; gatherings of individuals, such as parties, celebrations and social events, are cancelled; non-essential businesses to cease operations from 8:00 p.m. to 5:00 a.m.; all restaurants and bars to close except for delivery or takeout services; casinos, racetracks, gyms and fitness centers and entertainment centers to close; all county and municipal libraries to close; all business and non-profits to accommodate telework or work-from-home arrangements; the cessation of all non-essential construction projects; an extension of insurance premium grace periods; all Pre-K through

TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 15. Subsequent Events (continued)

12 schools to close; all universities and colleges in the State to cease in-person instruction; The Township expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread of and impacts of COVID-19.

The Township cannot reasonably predict how long the outbreak may impact the financial condition or operations of the Township, whether there will be any impact on the assessed values of property within the Township or the deferral of tax payments to the Township or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the Township.

On March 24, 2020, the Division of Local Government Services in the New Jersey Department of Community Affairs extended the date for introduction of municipal budgets to April 28, 2020 (or the next regularly scheduled governing body meeting thereafter) and the date for municipal budget adoption to May 30, 2020 (or the next regularly scheduled governing body meeting thereafter). The New Jersey Legislature is considering legislation that, if enacted, would permit the extension of any additional deadlines under the Local Budget Law, the Local Fiscal Affairs Law and the laws with respect to the issuance of tax bills. Such proposed legislation would also permit municipalities to institute an extended grace period for the receipt of property tax payments and to extend the dates for the payment of taxes by a municipality due to a county, a school district or any other taxing district. A proposed amendment to such proposed legislation would also provide that any shortfall in the property tax payments received by the municipality would be borne *pro rata* by the municipality, the county and the school district(s). There can be no assurance that this legislation, or any other actions, will be enacted by the New Jersey Legislature. The Township does not plan to issue any updates or revisions regarding this legislation, or any other actions enacted by the New Jersey Legislature, if or when such legislation or other actions are enacted.

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance December 31, 2018	\$ 633,387	\$ -
Receipts:		
Taxes Receivable	\$ 4,074,549	\$ -
Tax Title Lien Collections	24,591	-
Budgeted Revenue	686,118	-
2019 Prepaid Taxes	88,162	-
Due From State of New Jersey Senior Citizen & Veteran Deductions	16,500	-
Miscellaneous Revenue Not Anticipated	83,943	-
Budget Refunds	18,268	-
Due From General Capital	72,470	-
Due Trust Other	339	-
Due From Current Fund	-	32,096
Federal & State Grants Unappropriated	-	94,500
Federal & State Grants Receivable	-	175,728
	<u>5,064,940</u>	<u>302,324</u>
Total	<u>5,064,940</u>	<u>302,324</u>
Subtotal	<u>5,698,327</u>	<u>302,324</u>
Disbursements:		
2019 Appropriations	1,327,723	-
2018 Appropriations	22,420	-
Encumbrances Payable	12,678	-
Tax Overpayments	1,367	-
County Taxes	698,611	-
County Share of Added & Omitted Taxes	845	-
Local District School Taxes	1,539,915	-
Regional High School Tax	1,232,094	-
Due from State & Federal Grant Fund	32,096	-
Due Trust Other	15,453	-
State & Federal Grant Deferred Charge	-	94,500
Reserve for State & Federal Grants	-	207,824
	<u>4,883,202</u>	<u>302,324</u>
Total Disbursements	<u>4,883,202</u>	<u>302,324</u>
Balance December 31, 2019	<u>\$ 815,125</u>	<u>\$ -</u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019	<u>\$ 525</u>
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ANALYSIS OF BALANCE

Tax Collector	\$ 100
Zoning Office	25
Court Clerk	<u>400</u>
Total	<u>\$ 525</u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2019**

YEAR	BALANCE DECEMBER 31, 2018	2019 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	CANCELED	OVERPAYMENTS CREATED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2019
				2018	2019					
2015	\$ 306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306
2016	304	-	-	-	-	-	-	-	-	304
2017	298	-	-	-	-	-	-	-	-	298
2018	101,707	-	-	-	93,678	-	88	987	8,565	363
Total	102,615	-	-	-	93,678	-	88	987	8,565	1,271
2019	-	4,164,302	14,650	51,241	3,980,871	16,750	3,439	4,248	32,076	98,823
Total	\$ 102,615	\$ 4,164,302	\$ 14,650	\$ 51,241	\$ 4,074,549	\$ 16,750	\$ 3,527	\$ 5,235	\$ 40,641	\$ 100,094

ANALYSIS OF 2019 PROPERTY TAX LEVY

Tax Yield:	
General Purpose	\$ 4,164,302
Added Taxes (54:4-63.1 et seq)	14,650
Total	<u>\$ 4,178,952</u>
Tax Levy:	
Regional High School Tax (Abstract)	\$ 1,260,997
Local District School Tax (Abstract)	1,565,430
County Taxes:	
County Tax (Abstract)	\$ 590,758
County Open Space Tax (Abstract)	52,645
County Library Tax (Abstract)	55,208
Due County for Added & Omitted Taxes	2,465
Local Purpose Taxes:	
Local Purpose Tax (Abstract)	637,746
Add: Additional Tax Levy	13,703
Total Levy	<u>\$ 4,178,952</u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 391,717
Increased by:		
Transfers from Taxes Receivable		<u>40,641</u>
Subtotal		432,358
Decreased by:		
Cancellations	\$ 171,599	
Collections	<u>24,591</u>	<u>196,190</u>
Balance December 31, 2019		<u><u>\$ 236,168</u></u>

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 1,305,100
Increased by:		
Foreclosures		<u>104,600</u>
Subtotal		1,409,700
Decreased by:		
Loss on Sale of Property	\$ 136,760	
Sold in Current Year	<u>115,040</u>	<u>251,800</u>
Balance December 31, 2019 and 2018		<u><u>\$ 1,157,900</u></u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNT RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2019
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	-	7,750 \$	7,750 \$	-
Fees & Permits	-	15,564	15,564	-
Fines & Costs:				
Municipal Court	6,828	166,606	159,900	13,534
Interest & Costs on Taxes	-	18,312	18,312	-
Sale of Land	-	115,040	115,040	-
Tower Rental	-	65,262	65,262	-
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	-	142,045	142,045	-
Consolidated Municipal Property Tax Relief Aid	-	1,754	1,754	-
Garden State Trust Fund	-	160,491	160,491	-
Total	\$ 6,828	\$ 692,824	\$ 686,118	\$ 13,534

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

ACCOUNT	BALANCE DECEMBER 31, 2018	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Salary and Wages	\$ 13,289	\$ 13,289	\$ 7,283	\$ 6,006
Other Expenses:				
Administrative & Executive	1,744	1,744	1,744	-
Financial Administration	181	181	181	-
Assessment of Taxes	1	1	1	-
Collection of Taxes	140	140	105	35
Liquidation of Tax Title Liens	1,010	1,010	847	163
Legal Services & Costs	47	47	47	-
Engineering Services & Costs	4,951	4,951	4,951	-
Planning Board	669	669	628	41
Sewer Systems	483	483	183	300
Telephone	889	889	677	212
Electricity	2,370	2,370	970	1,400
Street Lighting	3,283	3,283	2,945	338
Propane	397	397	397	-
Gasoline	1,224	1,224	1,224	-
Building and Grounds	249	249	249	-
Streets and Roads	565	565	558	7
Convenience Center	7,833	7,833	7,833	-
Fire	191	191	191	-
EMS- First Responder	848	848	500	348
Municipal Prosecutor	800	800	800	-
Municipal Court	391	391	391	-
Public Defender	250	250	250	-
Office of Emergency Management	708	708	708	-
Dog Regulation	269	269	269	-
Zoning Enforcement	75	75	75	-
Construction Official	340	340	37	303
Social Security	746	746	746	-
Unemployment Insurance	1	1	1	-
PERS Contribution	109	109	-	109
Recycling Tax	359	359	307	52
Utility Maintenance	719	719	-	719
Subtotal	<u>\$ 45,131</u>	<u>\$ 45,131</u>	<u>\$ 35,098</u>	<u>\$ 10,033</u>
Appropriation Reserves	\$ 32,453	\$ 32,453	\$ 22,420	\$ 10,033
Encumbrances Payable	12,678	12,678	12,678	-
Total	<u><u>\$ 45,131</u></u>	<u><u>\$ 45,131</u></u>	<u><u>\$ 35,098</u></u>	<u><u>\$ 10,033</u></u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018:		
School Taxes Payable	\$ 34,157	
School Taxes Deferred	<u>699,991</u>	\$ 734,148
Increased by:		
School Year Levy July 1, 2019 to June 30, 2020		<u>1,565,430</u>
Subtotal		2,299,578
Decreased by Payments		<u>1,539,915</u>
Balance December 31, 2019:		
School Taxes Payable	59,672	
School Taxes Deferred	<u>699,991</u>	<u>759,663</u>
2019 Liability for Local School Tax:		
Tax Paid		1,539,915
Taxes Payable December 31, 2019		<u>59,672</u>
Subtotal		1,599,587
Less: Taxes Payable December 31, 2018		<u>34,157</u>
Amount Charged to 2019 Operations		<u><u>\$ 1,565,430</u></u>

**SCHEDULE OF REGIONAL HIGH SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018:		
School Taxes Payable		\$ (7,832)
Increased by:		
Levy - Calendar Year 2019		<u>1,260,997</u>
Subtotal		1,253,165
Decreased by Payments		<u>1,232,094</u>
Balance December 31, 2019:		
School Taxes Payable		<u><u>\$ 21,071</u></u>
2019 Liability for Local School Tax:		
Tax Paid		\$ 1,232,094
Add: Taxes Payable December 31, 2019		<u>21,071</u>
Total		1,253,165
Less: Taxes Payable December 31, 2018		<u>-</u>
Amount Charged to 2019 Operations		<u><u>\$ 1,253,165</u></u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$	845
Increased by 2019 Levy:			
General County	\$	590,758	
County Library		55,208	
County Open Space Preservation		52,645	
Due County for Added & Omitted Taxes		2,465	701,076
Subtotal			701,921
Decreased by Payments			699,456
Balance December 31, 2019			\$ 2,465

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	BUDGETED	RECEIVED	TRANSFERRED FROM UNAPPROPRIATED	BALANCE DECEMBER 31, 2019
State Grants:					
Recycling Tonnage	\$ 762	\$ 4,311	\$ 3,913	\$ -	\$ 1,160
Alcohol Education and Rehabilitation	-	965	965	-	-
Clean Communities Grant	5,779	7,762	7,762	-	5,779
Municipal Aid Program - 2020	-	245,000	-	-	245,000
Volunteer Fire Assistance Grant	-	1,685	-	-	1,685
NJ DOT Trust Fund Authority Act	198,322	250,000	162,675	-	285,647
County Grants:					
Municipal Park Development Program	52,083	184,128	413	184,128	51,670
Total	\$ 256,946	\$ 693,851	\$ 175,728	\$ 184,128	\$ 590,941

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	APPROPRIATED	EXPENDED	BALANCE DECEMBER 31, 2019
State Grants:				
Alcohol Education & Rehabilitation Fund	\$ 733	\$ 965	\$ -	\$ 1,698
Clean Communities Grant	8,559	-	800	7,759
Clean Communities Grant - 2018	4,460	-	620	3,840
Clean Communities Grant - 2019	-	7,762	-	7,762
Recycling Tonnage Grant	4,595	4,311	4,879	4,027
Volunteer Fire Assistance Grant	-	1,685	-	1,685
NJ DOT Grant	250,240	250,000	214,627	285,613
Municipal Aid Program	-	245,000	-	245,000
County Grants:				
Municipal Park Development Program	67,458	-	123	67,335
Total	\$ 336,045	\$ 509,723	\$ 221,049	\$ 624,719

Original Budget	\$ 255,996
Chapter 159's	253,727
Total	\$ 509,723
Cash Disbursements	\$ 207,824
Encumbrances	13,225
Total	\$ 221,049

**TOWNSHIP OF BASS RIVER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	RECEIVED 2019	ANTICIPATED AS REVENUE	BALANCE DECEMBER 31, 2019
State Grants:				
Municipal Drug Alliance	\$ 10,396	\$ -	\$ -	\$ 10,396
Local Grants:				
County Parks Grant	184,128	94,500	184,128	94,500
Total	\$ 194,524	\$ 94,500	\$ 184,128	\$ 104,896

**CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	AUTHORIZED	BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2019
Expenditure without Appropriation - Grant Fund	\$ 184,128	\$ 94,500	\$ 184,128	\$ 94,500
Special Emergency - 5 Years	39,539	-	20,429	19,110
Total	\$ 223,667	\$ 94,500	\$ 204,557	\$ 113,610

TRUST FUND

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**TOWNSHIP OF BASS RIVER
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2019**

	ANIMAL CONTROL FUND	TRUST OTHER FUND	PAYROLL FUND
Balance December 31, 2018	\$ 84	\$ 33,263	\$ 15,554
Receipts:			
Dog License Fees:			
Municipal Licenses - 2019	222	-	-
State Fees	113	-	-
Payroll Account	-	-	380,599
Public Defender	-	1,430	-
Tax Sale Escrow	-	179,688	-
Tax Sale Premiums	-	7,200	-
Developer's Escrow	-	16,845	-
Due to Current	1	34	15,473
	<hr/>	<hr/>	<hr/>
Total Funds Available	420	238,460	411,626
	<hr/>	<hr/>	<hr/>
Disbursements:			
Due to State	113	-	-
Transfers to Current	-	346	-
Payroll Deductions Payable	-	-	396,136
Tax Sale Escrow	-	179,688	-
Developer's Escrow	-	14,584	-
Waste Water Disposal	-	2,191	-
Tax Sale Premiums	-	2,100	-
	<hr/>	<hr/>	<hr/>
Total Disbursements	113	198,909	396,136
	<hr/>	<hr/>	<hr/>
Balance December 31, 2019	<u>\$ 307</u>	<u>\$ 39,551</u>	<u>\$ 15,490</u>

**TOWNSHIP OF BASS RIVER
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	84
Increased by:		
Dog License Fees Collected		222
Balance December 31, 2019	\$	306

LICENSE FEES COLLECTED

YEAR	AMOUNT
2018	\$ 196
2017	259
Total	\$ 455

**ANIMAL CONTROL FUND
SCHEDULE OF DUE (TO)/FROM CURRENT FUND (ANIMAL CONTROL FUND)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	-
Increased by:		
Interest Due to Current		1
Balance December 31, 2019	\$	1

**TOWNSHIP OF BASS RIVER
TRUST ASSESSMENT FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Purpose</u>	<u>Date Confirmed</u>	<u>Date</u>	<u>Number</u>	Balance December 31, <u>2019 & 2018</u>
Offshore Manor Wastewater	11/08/90	3/10/91-2011	20	<u>\$ 195</u>

**SCHEDULE OF RESERVE FOR ASSESSMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 & 2018	<u>\$ 195</u>
Pledged to Receivable Balance December 31, 2019 & 2018	<u>\$ 195</u>

**TOWNSHIP OF BASS RIVER
TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	15,537
Increased by:		
Payroll Deductions Received		380,599
Subtotal		396,136
Decreased by:		
Payroll Expenditures		396,136
Balance December 31, 2019	\$	-

**SCHEDULE OF DUE (TO)/FROM CURRENT FUND (TRUST OTHER FUND)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	(57)
Increased by:		
Interest Earned	\$	54
Transfer from Current		15,507
Subtotal		(15,564)
Decreased by:		
Interfund Liquidation		346
Balance December 31, 2019	\$	(15,218)

**TOWNSHIP OF BASS RIVER
TRUST FUND - OTHER
SCHEDULE OF MISCELLANEOUS TRUST RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2019
Unemployment Fund	\$ 44	\$ -	\$ -	\$ 44
Fire Penalty	51	-	-	51
Public Defender	1,323	1,430	-	2,753
Escrow Deposits	29,139	16,845	14,584	31,400
Waste Water Disposal	2,191	-	2,191	-
Tax Sale Escrow Reserve	-	179,688	179,688	-
Tax Sale Premiums	475	7,200	2,100	5,575
	<hr/>			
Total	<u>\$ 33,223</u>	<u>\$ 205,163</u>	<u>\$ 198,563</u>	<u>\$ 39,823</u>

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GENERAL CAPITAL FUND

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**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 & 2018	<u>\$ 354</u>
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**SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ -
Receipts:	
Bond Anticipation Notes - Held in Escrow	\$ 350,000
Due from Current Fund	350,000
Interest Earnings	90
	700,090
Subtotal	700,090
Disbursements:	
Bond Anticipation Notes - Held in Escrow	350,000
Transferred to Current Fund	72,470
	422,470
Balance December 31, 2019	\$ 277,620

**ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Fund Balance	\$ 354
Capital Improvement Fund	111,373
Due to Current Fund	90
Improvement Authorizations:	
ORDINANCE	
NUMBER	
1996 Purchase of Recreation Equipment	2,144
2008 Acquisition of Property	5,200
2012-08 Improvements to Municipal Parks	155,000
2014-04 Generator for Public Shelter	3,459
	354
Total	\$ 277,620

**TOWNSHIP OF BASS RIVER
SCHEDULE OF DEFERRED CHARGED TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2018	PAYMENT OF BOND ANTICIPATION NOTES	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2019
2000-04	Purchase of Fire Trucks	\$ 4,400	\$ 4,400	-	\$ -
2001-06	Expansion of Municipal Building	9,800	9,800	-	-
2002-08	Reconstruction of Munion Field Road	90,000	90,000	-	-
2008	Reconstruction of Various Streets	31,003	28,298	2,705	-
2012-07	Various Capital Improvements	26,600	22,843	3,757	-
2012-08	Improvements to Municipal Parks	147,250	147,250	-	-
2014-04	Generator for Public Shelter	71,250	47,409	23,841	-
	Total	\$ 380,303	\$ 350,000	\$ 30,303	\$ -

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2018		AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2019	
				FUNDED	UNFUNDED		FUNDED	UNFUNDED
1996	Improvements to Recreation Area	5/24/1996	\$ 15,000	\$ 2,144	\$ -	\$ -	\$ 2,144	\$ -
2008	Improvement of Various Streets	2/25/2008	120,000	-	2,705	2,705	-	-
2008	Acquisition of Property	5/5/2008	65,000	5,200	-	-	5,200	-
2012-07	Various Capital Improvements	8/6/2012	28,000	-	3,757	3,757	-	-
2012-08	Improvements to Municipal Parks	11/5/2012	155,000	7,750	147,250	-	155,000	-
2014-04	Generator for Public Shelter	9/8/2014	75,000	-	27,300	23,841	3,459	-
Total				\$ 15,094	\$ 181,012	\$ 30,303	\$ 165,803	\$ -

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 & 2018

\$ 111,373

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2019**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2019</u>
2000-04	Purchase of Fire Trucks	11/14/2019	11/15/2019	0.00%	\$ -	4,400	\$ 4,400	\$ -
2001-06	Expansion of Municipal Building	11/14/2019	11/15/2019	0.00%	-	9,800	9,800	-
2002-08	Reconstruction of Munion Field Road	11/14/2019	11/15/2019	0.00%	-	90,000	90,000	-
2008-04	Reconstruction of Various Streets	11/14/2019	11/15/2019	0.00%	-	28,298	28,298	-
2012-07	Various Capital Improvements	11/14/2019	11/15/2019	0.00%	-	22,843	22,843	-
2012-08	Improvements to Municipal Parks	11/14/2019	11/15/2019	0.00%	-	147,250	147,250	-
2014-04	Generator for Public Shelter	11/14/2019	11/15/2019	0.00%	-	47,409	47,409	-
					\$ -	\$ 350,000	\$ 350,000	\$ -

	Paid By Budget Appropriation	\$ -	\$ 350,000
	Bond Anticipation Notes Issued	350,000	-
		<u>\$ 350,000</u>	<u>\$ 350,000</u>

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2018	NOTES ISSUED	AUTHORIZATION CANCELLED	BALANCE DECEMBER 31, 2019
2000-04	Purchase of Fire Trucks	\$ 4,400	\$ 4,400	-	-
2001-06	Expansion of Municipal Building	9,800	9,800	-	-
2002-08	Reconstruction of Munton Field Road	90,000	90,000	-	-
2008-04	Reconstruction of Various Streets	31,003	28,298	2,705	-
2012-07	Various Capital Improvements	26,600	22,843	3,757	-
2012-08	Improvements to Municipal Parks	147,250	147,250	-	-
2014-04	Generator for Public Shelter	71,250	47,409	23,841	-
		<u>\$ 380,303</u>	<u>\$ 350,000</u>	<u>\$ 30,303</u>	<u>\$ -</u>

TOWNSHIP OF BASS RIVER

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2019

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**TOWNSHIP OF BASS RIVER
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Finding 2019-001

Criteria of Specific Requirement:

N.J.S.A 40A:4-57 states that no officer, board, body or commission shall, during any fiscal year, expend any money, incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such service.

Condition:

The Township over-expended the County Park Grant by \$94,500. This grant was not budgeted in accordance with N.J.S.A 40A:4-87 before expending.

Cause:

Management oversight.

Effect or Potential Effect:

Non-compliance with N.J.S.A. 40A:4-57 and N.J.S.A. 40A:4-87.

Recommendation:

That the Township only expend funds as appropriated per N.J.S.A. 40A:4-57 and budgeted per N.J.S.A. 40A:4-87.

View of Responsible Officials and Corrective Action Plan:

The responsible officials agree with this finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF BASS RIVER
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

Finding No. 2018-001

Condition:

The Township over-expended the County Park Grant by \$184,128. This grant was not budgeted in accordance with N.J.S.A 40A:4-87 before expending.

Current Status:

This finding has not been corrected.

Finding No. 2018-002

Condition:

The Township did not comply with its designed internal controls regarding obtaining proper approval, by Chief Financial Management Officer, prior to processing of purchase orders.

Current Status:

This finding has been corrected.

FEDERAL AWARDS

N/A – No Federal Single Audit in prior year.

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.

TOWNSHIP OF BASS RIVER

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2019:

<u>Name</u>	<u>Title</u>
Deborah Buzby-Cope	Mayor
Nicholas Caprigilone	Commissioner and Deputy Mayor
Louis Bourguignon	Commissioner
Albert Stanley	Chief Financial Officer/Tax Collector
Amanda Somes	Township Court
Peggy A. Beck	Court Administrator

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Honorable Mayor and Members
of the Township Board of Commissioners
Township of Bass River
County of Burlington
New Gretna, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2019.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (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 furnishing or hiring of any materials or supplies, the cost or 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 in the aggregate the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2019.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" 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

N.J.S.54:4-67, 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 on January 7, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Township Committee of the Township of Bass River, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by the Township Committee of the Township of Bass River, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

OTHER COMMENTS (FINDINGS):

Finding 2019-001

The Township over-expended the County Park Grant by \$94,500. This grant was not budgeted in accordance with N.J.S.A 40A:4-87 before expending.

RECOMMENDATIONS:

Finding 2019-001

That the Township only expend funds as appropriated per N.J.S.A. 40A:4-57 and budgeted per N.J.S.A. 40A:4-87.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA No. 435

Medford, New Jersey
June 25, 2020

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