

TOWNSHIP OF BASS RIVER

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2018**

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**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, 2018**

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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, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2018 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

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, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to 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, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2018 the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 5, 2019 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,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
June 5, 2019

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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, 2018, 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 5, 2019. 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

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 instances 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. 2018-001 and 2018-002.

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,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
June 5, 2019

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, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 633,387	\$ 782,685
Change Fund	A-5	525	525
Due From State of New Jersey	A	2,230	1,105
		<u>636,142</u>	<u>784,315</u>
Total Regular Fund			
Receivables & Other Assets:			
Delinquent Property Taxes Receivable	A-6	102,615	110,735
Tax Title Liens Receivable	A-7	391,717	616,918
Property Acquired for Taxes - Assessed Valuation	A-8	1,305,100	1,014,300
Revenue Accounts Receivable	A-9	6,828	9,112
Regional School Tax Receivable	A-12	7,832	-
Due from Payroll Fund	B	17	3
Due from Capital Fund	C	72,470	72,470
Due from Trust Other	B	40	29
Due from Animal Control Fund	B	-	207
		<u>1,886,619</u>	<u>1,823,774</u>
Total Receivables & Other Assets			
Deferred Charges To Future Taxation:			
Overexpenditure of Appropriation	A-17	-	41,229
Expenditure without Appropriation	A-17	184,128	-
Special Emergency - Truck	A-17	39,539	59,788
		<u>-</u>	<u>-</u>
Total		<u>223,667</u>	<u>101,017</u>
Total Regular Funds			
		<u>2,746,428</u>	<u>2,709,106</u>
State & Federal Grants:			
Federal & State Grants Receivable	A-14	256,946	51,862
Due from Current Fund	A	273,623	25,178
		<u>530,569</u>	<u>77,040</u>
Total State & Federal Grants			
		<u>530,569</u>	<u>77,040</u>
Total		<u>\$ 3,276,997</u>	<u>\$ 2,786,146</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, 2018 AND 2017**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	<u>2018</u>	<u>2017</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-10	\$ 32,453	\$ 37,013
Encumbrances Payable	A-3	12,678	12,310
Prepaid Taxes	A-4	51,241	142,463
Due County for Added & Omitted Taxes	A-13	845	2,066
Local District School Tax Payable	A-11	34,157	244,313
Regional District School Tax Payable	A-12	-	15,359
Due to State and Federal Grant Fund	A	273,623	25,178
Due to Trust Other Fund	B	-	16,577
Reserve for Truck	A	-	29,564
		<u>404,997</u>	<u>524,843</u>
Total Liabilities			
Reserves for Receivable & Other Assets	A	1,886,619	1,823,774
Fund Balance	A-1	454,812	360,489
		<u>2,746,428</u>	<u>2,709,106</u>
Total Regular Fund			
State & Federal Grants:			
Appropriated Reserves	A-15	336,045	62,333
Unappropriated Reserves	A-16	194,524	14,707
		<u>530,569</u>	<u>77,040</u>
Total State & Federal Grants			
		<u>\$ 3,276,997</u>	<u>\$ 2,786,146</u>
Total Liabilities, Reserves & Fund Balance			

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, 2018 AND 2017**

	2018	2017
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 297,500	\$ 300,000
Miscellaneous Revenue Anticipated	839,354	549,257
Receipts From Current Taxes	3,548,286	3,588,825
Receipts From Delinquent Taxes	100,227	135,163
Non-Budget Revenue	211,895	212,795
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	15,262	85,049
Interfunds Liquidated	16,577.00	647
Cancellation of Prior Year Liability	1,831	-
Prior Year Disallowed	500	-
Total	5,031,432	4,871,736
Expenditures:		
Operations Within "CAPS"		
Salaries and Wages	381,117	398,755
Other Expenses	574,265	547,711
Deferred Charges & Statutory Expenditures Within "CAPS"	128,895	86,299
Operations Excluded From "CAPS"		
Salaries and Wages	3,060	3,000
Other Expenses	356,147	90,408
Municipal Debt Service Excluded From "CAPS"		30,525
Deferred Charges & Statutory Expenditures Excluded From "CAPS"	20,249	8,249
County Taxes	673,863	721,162
Due County for Added & Omitted Taxes	845	2,066
Local District School Tax	1,289,402	1,484,708
Regional High School Tax	1,211,766	1,215,403
Interfunds Created	-	136,146
Total Expenditures	4,639,609	4,724,432
Excess in Revenue	391,823	147,304
Adjustment to Income Before Fund Balance:		
Expenditures Included Above which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	92,771
Statutory Excess to Surplus	391,823	240,075
Fund Balance January 1	360,489	420,414
Total	752,312	660,489
Decreased by:		
Utilization as Anticipated Revenue	297,500	300,000
Balance December 31	<u>\$ 454,812</u>	<u>\$ 360,489</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, 2018**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 297,500	\$ 297,500	\$ -
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	7,000	7,500	500
Fees & Permits	14,000	14,443	443
Fines & Costs:			
Municipal Court	175,000	142,440	(32,560)
Interest & Costs on Taxes	21,000	20,484	(516)
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	34,000	-	(34,000)
Special Items Offset with Appropriations:			
Clean Communities Grant	6,952	6,952	-
Recycling Tonnage Grant	5,073	5,073	-
County Parks Grant	85,000	85,000	-
NJDOT Municipal Aid Program	250,000	250,000	-
Volunteer Fire Assistance Grant	3,172	3,172	-
Total Miscellaneous Revenues	905,487	839,354	(66,133)
Receipts From Delinquent Taxes	135,000	100,227	(34,773)
Subtotal General Revenues	1,337,987	1,237,081	(100,906)
Local Tax for Municipal Purposes	282,073	311,569	29,496
Budget Totals	1,620,060	1,548,650	(71,410)
Nonbudget Revenues	-	211,895	211,895
Total	\$ 1,620,060	\$ 1,760,545	\$ 140,485

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

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 3,548,286
Allocated to School, County & Fire District Taxes	<u>3,393,044</u>
Balance for Support of Municipal Budget Appropriations	155,242
Increased by Appropriation - Reserve for Uncollected Taxes	<u>156,327</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 311,569</u></u>
Receipts From Delinquent Taxes:	
Tax Title Lien Collections	\$ 3,051
Delinquent Tax Collections	<u>97,176</u>
Total Receipts From Delinquent Taxes	<u><u>\$ 100,227</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenues Not Anticipated:	
Cash - Treasurer:	
Washington Twp. Court Interlocal Payment	\$ 28,869
Assessment Services	7,600
Tower Fees	63,786
Cable Fees	5,085
Senior & Vet Admin Fee	310
PILOT	5,000
Campground Fees	8,855
Various Fees	8,865
Septic Charges	12,771
Miscellaneous	<u>70,754</u>
Total	<u><u>\$ 211,895</u></u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	5,293	2,207
Other Expenses	12,285	14,361	13,788	573
Financial Administration (Treasury):				
Salaries and Wages	23,068	23,568	23,256	312
Other Expenses	10,600	5,250	5,069	181
Tax Assessment Administration:				
Salaries and Wages	23,970	22,970	22,096	874
Other Expenses	3,876	3,876	3,875	1
Collection of Taxes:				
Salaries and Wages	20,123	18,623	18,192	431
Other Expenses	6,450	3,400	3,260	140
Liquidation of Tax Title Liens & Foreclosed Property:				
Other Expenses	23,830	24,503	24,061	442
Auditing Services:				
Other Expenses	19,400	19,750	19,750	-
Municipal Clerk:				
Salaries and Wages	56,100	52,100	51,172	928
Legal Services:				
Other Expenses	26,625	34,959	34,912	47
Engineering Services:				
Other Expenses	62,100	54,450	52,826	1,624
Planning Board:				
Salaries and Wages	4,800	3,800	3,537	263
Other Expenses	5,000	5,000	4,631	369
Sewer Systems:				
Salaries and Wages	11,404	11,104	10,274	830
Other Expenses	12,000	8,500	8,185	315
Recreation:				
Other Expenses	2,300	2,891	2,891	-
Utility Expenses & Bulk Purchases:				
Telephone	8,000	8,000	7,172	828
Gas (Propane)	6,000	4,235	3,838	397
Electricity	8,500	11,500	9,130	2,370
Street Lighting	23,000	24,700	21,417	3,283
Gasoline	8,500	12,854	11,630	1,224
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	9,900	12,483	12,395	88
Streets and Road Maintenance:				
Salaries and Wages	36,720	30,720	26,939	3,781
Other Expenses	24,429	37,378	37,286	92

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, 2018**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Convenience Center:				
Salaries and Wages	53,856	53,856	53,637	219
Other Expenses	122,000	119,000	117,234	1,766
Landfill Closure Costs:				
Other Expenses	-	302	302	-
Department of Public Affairs & Safety:				
Director's Office:				
Salaries and Wages	4,300	4,300	4,161	139
Fire:				
Other Expenses	32,000	36,016	35,825	191
EMS - First Responder	5,000	2,500	1,652	848
First Aid Organization Contribution	12,000	18,000	18,000	-
Municipal Prosecutor:				
Other Expenses	22,300	20,800	20,000	800
Bailiff:				
Salaries and Wages	5,800	5,300	5,300	-
Municipal Court:				
Salaries and Wages	134,640	131,640	130,440	1,200
Other Expenses	26,000	25,000	24,916	84
Public Defender:				
Other Expenses	9,000	-	(1,250)	1,250
Office of Emergency Management:				
Other Expenses	3,000	2,350	1,642	708
Code Enforcement:				
Salaries and Wages	4,800	3,750	3,445	305
Other Expenses	100	-	-	-
Dog Regulation:				
Other Expenses	4,200	3,200	2,931	269
Zoning Enforcement:				
Salaries and Wages	3,700	2,700	2,550	150
Other Expenses	1,400	2,022	2,022	-
State Uniform Construction Code:				
Construction Official:				
Other Expenses	1,000	1,000	660	340
Insurance:				
General Liability	20,500	20,500	20,500	-
Workers Compensation	30,286	35,485	35,485	-
Total Operations Within "CAPS"	961,548	955,382	925,186	30,196

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, 2018**

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Detail:				
Salaries and Wages	399,967	381,117	369,151	11,966
Other Expenses	561,581	574,265	556,035	18,230
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Overexpenditure of Appropriations	41,229	41,229	41,229	-
Contributions to:				
Public Employees' Retirement System	37,000	37,000	36,891	109
Social Security System (O.A.S.I.)	30,000	28,500	27,754	746
Unemployment Insurance	9,000	22,166	22,165	1
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	117,229	128,895	128,039	856
Total General Appropriations for Municipal Purposes Within "CAPS"	1,078,777	1,084,277	1,053,225	31,052
Operations - Excluded from "CAPS"				
Other Operations:				
Recycling Tax	1,800	1,800	1,443	357
Total Other Operations - Excluded From "CAPS"	1,800	1,800	1,443	357
Additional Appropriations Offset by Revenues				
Utility Maintenance:				
Salaries and Wages	3,060	3,060	2,735	325
Other Expenses	9,650	4,150	3,431	719
Total Additional Appropriations Offset by Revenues	12,710	7,210	6,166	1,044
Public and Private Programs Offset by Revenues				
Clean Communities Program	-	6,952	6,952	-
Volunteer Fire Assistance Grant	-	3,172	3,172	-
Municipal Park Development	-	85,000	85,000	-
NJDOT Municipal Aid Program	-	250,000	250,000	-
Recycling Tonnage	4,311	5,073	5,073	-
Total Additional Appropriations Offset by Revenues	4,311	350,197	350,197	-

**TOWNSHIP OF BASS RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Total Operations Excluded From "CAPS"	18,821	359,207	357,806	1,401
Detail:				
Salaries and Wages	3,060	3,060	2,735	325
Other Expenses	15,761	356,147	355,071	1,076
Deferred Charges - Municipal - Excluded From "CAPS" Special Emergency Authorizations - 5 Years	20,249	20,249	20,249	-
Deferred Charges - Municipal - Excluded From "CAPS"	20,249	20,249	20,249	-
Total General Appropriations Excluded From "CAPS"	39,070	379,456	378,055	1,401
Subtotal General Appropriations	1,117,847	1,463,733	1,431,280	32,453
Reserve For Uncollected Taxes	156,327	156,327	156,327	-
Total General Appropriations	<u>\$ 1,274,174</u>	<u>\$ 1,620,060</u>	<u>\$ 1,587,607</u>	<u>\$ 32,453</u>
Original Appropriations		\$ 1,274,174		
Added per N.J.S.A.40A:4-87		<u>345,886</u>		
Total		<u>\$ 1,620,060</u>		
Reserve for Uncollected Taxes			\$ 156,327	
Encumbrances Payable			12,678	
Deferred Charge			61,478	
Refunds			(13,600)	
Cash Disbursements			1,020,527	
Reserve for State & Federal Grants Appropriated			<u>350,197</u>	
Total			<u>\$ 1,587,607</u>	

**TOWNSHIP OF BASS RIVER
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE -- REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Animal Control Fund:			
Cash	B-1	\$ 84	\$ 855
Total Animal Control Fund		<u>84</u>	<u>855</u>
Assessment Fund:			
Assessment Receivable	B-8	195	195
Total Assessment Fund		<u>195</u>	<u>195</u>
Other Funds:			
Cash	B-1	48,817	49,366
Due From Current Fund	B-6	-	16,577
Total Other Funds		<u>48,817</u>	<u>65,943</u>
Total Assets		<u><u>\$ 49,096</u></u>	<u><u>\$ 66,993</u></u>
LIABILITIES & RESERVES			
Animal Control Fund:			
Due To Current Fund	A	\$ -	\$ 207
Reserve for Animal Control Fund Expenditures	B-3	84	648
Total Animal Control Fund		<u>84</u>	<u>855</u>
Assessment Fund:			
Reserve for Assessment Receivable	B-9	195	195
Total Assessment Fund		<u>195</u>	<u>195</u>
Other Funds:			
Reserve for Unemployment Fund	B-5	44	2,042
Reserve for Fire Penalty	B-4	51	750
Reserve for Public Defender	B	1,323	10,712
Reserve for Cash Bonds	B	-	16,577
Reserve for Escrow Deposits	B	29,139	28,675
Reserve for Landfill Closure Trust	B	2,191	2,191
Reserve for Tax Sale Premiums	B	475	3,982
Reserve for Payroll Deductions Payable	B-7	15,537	982
Due To Current Fund	A	57	32
Total Other Funds		<u>48,817</u>	<u>65,943</u>
Total Liabilities & Reserves		<u><u>\$ 49,096</u></u>	<u><u>\$ 66,993</u></u>

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

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE -- REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	<u>2018</u>	<u>2017</u>
Deferred Charges to Future Taxation:			
Unfunded	C-3	\$ 380,303	\$ 380,303
Total Assets		<u>\$ 380,303</u>	<u>\$ 380,303</u>
LIABILITIES, RESERVES & FUND BALANCE			
Due To Current Fund	A	\$ 72,470	\$ 72,470
Improvement Authorizations:			
Funded	C-4	15,094	15,094
Unfunded	C-4	181,012	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>\$ 380,303</u>	<u>\$ 380,303</u>

There were Bonds & Notes Authorized but not Issued on December 31, 2018 of \$380,303 and on December 31, 2017 there were \$380,303.

**TOWNSHIP OF BASS RIVER
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Land	\$ 1,887,600	\$ 1,887,600
Buildings and Improvements	654,328	406,200
Machinery & Equipment	<u>1,271,038</u>	<u>1,302,383</u>
Total	<u>\$ 3,812,966</u>	<u>\$ 3,596,183</u>
FUND BALANCE		
Investment in Fixed Capital	<u>\$ 3,812,966</u>	<u>\$ 3,596,183</u>

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

**TOWNSHIP OF BASS RIVER
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018

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, 2018

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, 2018**

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, 2018**

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.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

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.

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2. Deposits and Investments (continued):

As of December 31, 2018, the Township's bank balance of \$865,967 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$	816,568
Uninsured and Uncollateralized		49,399
		\$ 865,967

Investments

The Township had no investments as of December 31, 2018.

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>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.133</u>	<u>\$ 2.145</u>	<u>\$ 2.186</u>
Apportionment of Tax Rate:			
Municipal	0.164	0.156	0.155
County	0.391	0.419	0.472
Local School	0.879	0.863	0.867
Regional School	0.699	0.707	0.692

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 172,260,400
2017	172,022,997
2016	170,483,000

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 3,678,923	\$ 3,548,286	96.44%
2017	3,733,592	3,588,825	96.12%
2016	3,771,096	3,600,675	95.48%

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. Property Taxes (continued):

Delinquent Taxes and Tax Title Liens

<u>Year</u>	Tax Title <u>Liens</u>	Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage Of <u>Tax Levy</u>
2018	\$ 391,717	\$ 102,615	\$ 494,332	13.44%
2017	616,918	110,735	727,653	19.49%
2016	611,132	174,714	785,846	20.84%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2018	124
2017	155
2016	159

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>
2018	\$ 1,305,100
2017	1,014,300
2016	584,100

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>	Balance <u>December 31,</u>	Utilized in Budget of <u>Succeeding Year</u>	Percentage of Fund <u>Balance Used</u>
Current Fund:			
2018	\$ 454,812	\$ 211,651	46.54%
2017	360,489	297,500	82.53%
2016	420,414	300,000	71.36%

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 72,527	\$ 273,623
State and Federal Grant Fund	273,623	-
Trust Other Fund	-	57
Capital Fund	-	72,470
	<u>\$ 346,150</u>	<u>\$ 346,150</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	\$ 65,210	\$ -
State and Federal Grant Fund	-	65,002
Animal Control Trust	-	208
	<u>\$ 65,210</u>	<u>\$ 65,210</u>

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.

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$ 1,887,600	\$ -	\$ -	\$ 1,887,600
Buildings and Improvements	406,200	248,128	-	654,328
Machinery & Equipment	1,302,383	52,024	(83,369)	1,271,038
	<u>\$ 3,596,183</u>	<u>\$ 300,152</u>	<u>\$ (83,369)</u>	<u>\$ 3,812,966</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.nj.gov/treasury/pensions/financial-reports.shtml>.

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

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 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.

TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 9. Pension Obligations

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (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 2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, 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, 2018, the Township's contractually required contribution to PERS plan was \$33,232.

Components of Net Pension Liability - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was \$657,823. The net pension liability was measured as of June 30, 2018. 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, 2017, which was rolled forward to June 30, 2018. 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, 2018. The Township's proportion measured as of June 30, 2018, was .00334098% which was a decrease of .0005959% from its proportion measured as of June 30, 2017.

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations

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

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 158,200	\$ 264,204
Deferred Inflows of Resources	384,205	270,248
Net Pension Liability	657,823	916,443
Township's portion of the Plan's total net pension Liability	0.00334%	0.00394%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2018, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$(5,426). 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 \$33,232 to the plan in 2018.

At December 31, 2018, 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	\$ 12,545	\$ 3,392
Changes of Assumptions	108,398	210,337
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	6,170
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	<u>37,257</u>	<u>164,306</u>
	<u>\$ 158,200</u>	<u>\$ 384,205</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, 2018**

Note 9. Pension Obligations

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	-
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
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	-
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

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations

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:

Year Ending	Amount
<u>Dec 31,</u>	
2019	\$ (48,690)
2020	(39,223.00)
2021	(62,904.00)
2022	(48,492.00)
2023	<u>(26,696.00)</u>
	<u>\$ (226,005)</u>

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	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations

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

retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of 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, 2018 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	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations

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

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 827,136</u>	<u>\$ 657,823</u>	<u>\$ 515,779</u>

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ -	\$ -	\$ 30,525
Total Debt Issued	-	-	30,525
 Authorized but not issued:			
General:			
Bonds, Notes and Loans	380,303	380,303	380,303
Total Authorized But Not Issued	380,303	380,303	380,303
Total Gross Debt	\$ 380,303	\$ 380,303	\$ 410,828
 Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	\$ -	\$ -	\$ -
Total Deductions	-	-	-
Total Net Debt	\$ 380,303	\$ 380,303	\$ 410,828

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	\$ 3,294,853	\$ 3,294,853	\$ -
General Debt	380,303	-	380,303
	\$ 3,675,156	\$ 3,294,853	\$ 380,303

Net Debt \$380,303 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$172,983,826 equals 0.220%. 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

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Municipal Debt (continued):

improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	6,054,434
Net Debt		380,303

Remaining Borrowing Power	\$	5,674,131
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General Debt

A. Serial Bonds Payable

The Township had serial bonds outstanding in the General Capital Fund at December 31, 2018.

B. Bond Anticipation Notes Payable – Short Term Debt

The Township had no bond anticipation notes outstanding in the General Capital Fund at December 31, 2018.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2018, the Township had \$380,303 in various General Capital bonds and notes authorized but not issued.

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, 2018 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	<u>Balance</u> December 31, 2018	<u>2019 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 39,539	\$ 20,249	\$ 19,290
Expenditure without Appropriations	184,128	184,128	-

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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>	<u>Balance, December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Balance of Local Tax	\$ 734,148	\$ 719,304
Deferred Taxes	<u>624,991</u>	<u>474,991</u>
Local Tax Payable	<u>\$ 109,157</u>	<u>\$ 244,313</u>

<u>Regional Tax</u>	<u>Balance, December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Balance of Regional Tax	\$ (7,832)	\$ 15,359
Deferred Taxes	<u>-</u>	<u>-</u>
Regional Tax Payable	<u>\$ (7,832)</u>	<u>\$ 15,359</u>

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):

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 13. Risk Management (continued):

- 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, 2018 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>
2018	\$ -	\$ 2	\$ 2,000	\$ 44
2017	-	1	-	2,042
2016	-	-	-	2,041

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, 2018 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.

**TOWNSHIP OF BASS RIVER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 14. Contingencies (Continued):

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, 2018.

Note 15. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and June 5, 2019, the date the financial statements were available to be issued. They have determined that there are no material subsequent events that need to be disclosed.

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, 2018**

	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance December 31, 2017	\$ 782,685	\$ -
Receipts:		
Taxes Receivable	\$ 3,487,749	\$ -
Tax Title Lien Collections	3,051	-
Budgeted Revenue	489,157	-
2019 Prepaid Taxes	51,241	-
Due From State of New Jersey Senior Citizen & Veteran Deductions	14,625	-
Miscellaneous Revenue not Anticipated	211,895	-
Budget Refunds	13,600	-
Lien Redemption	14,475	-
Due From Animal Trust Fund	208	-
Due From State & Federal Grant Fund	64,317	-
Federal & State Grants Unappropriated	-	184,128
Federal & State Grants Receivable	-	140,802
	<hr/>	<hr/>
Total	4,350,318	324,930
	<hr/>	<hr/>
Subtotal	5,133,003	324,930
	<hr/>	<hr/>
Disbursements:		
2018 Appropriations	1,020,527	-
2017 Appropriations	34,061	-
Encumbrances Payable	12,310	-
County Taxes	673,863	-
County Share of Added & Omitted Taxes	2,066	-
Local District School Taxes	1,499,558	-
Regional High School Tax	1,227,125	-
Due to Tax Sale Escrow	11	-
Reserve for Truck	30,095	-
Due to Current Fund	-	62,632
State & Federal Grant Deferred Charge	-	185,813
Reserve for State & Federal Grants	-	76,485
	<hr/>	<hr/>
Total Disbursements	4,499,616	324,930
	<hr/>	<hr/>
Balance December 31, 2018	\$ 633,387	\$ -
	<hr/> <hr/>	<hr/> <hr/>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018	<u><u>\$ 525</u></u>
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ANALYSIS OF BALANCE

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

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2018**

YEAR	BALANCE DECEMBER 31, 2017	2018 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2018
				2017	2018				
2014	\$ 408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 408	\$ -	\$ -
2015	3,287	-	-	-	-	-	2,981	-	306
2016	3,296	-	-	-	-	-	2,992	-	304
2017	103,744	-	-	-	97,926	(750)	3,765	2,505	298
Total	110,735	-	-	-	97,926	(750)	10,146	2,505	908
2018	-	3,674,315	4,608	142,463	3,389,823	16,000	10,202	18,728	101,707
Total	\$ 110,735	\$ 3,674,315	\$ 4,608	\$ 142,463	\$ 3,487,749	\$ 15,250	\$ 20,348	\$ 21,233	\$ 102,615

ANALYSIS OF 2018 PROPERTY TAX LEVY

Tax Yield:	
General Purpose	\$ 3,674,315
Added Taxes (54:4-63.1 et seq)	<u>4,608</u>
Total	<u>\$ 3,678,923</u>
Tax Levy:	
Regional High School Tax (Abstract)	\$ 1,203,934
Local District School Tax (Abstract)	1,514,402
County Taxes:	
County Tax (Abstract)	\$ 580,539
County Open Space Tax (Abstract)	42,101
County Library Tax (Abstract)	51,223
Due County for Added & Omitted Taxes	<u>845</u>
Local Purpose Taxes:	
Local Purpose Tax (Abstract)	282,073
Add: Additional Tax Levy	<u>3,806</u>
Total Levy	<u>\$ 3,678,923</u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 616,918
Increased by:		
Transfers from Taxes Receivable		<u>21,233</u>
Subtotal		638,151
Decreased by:		
Foreclosures	\$ 243,383	
Collections	<u>3,051</u>	<u>246,434</u>
Balance December 31, 2018		<u><u>\$ 391,717</u></u>

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 1,014,300
Increased by:		
Foreclosures	\$ 243,383	
Adjustment to Assessed Value	<u>47,417</u>	<u>290,800</u>
Balance December 31, 2018		<u><u>\$ 1,305,100</u></u>

TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNT RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018

	BALANCE DECEMBER 31, 2017	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2018
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 7,500	\$ 7,500	\$ -
Fees & Permits	-	14,443	14,443	-
Fines & Costs:				
Municipal Court	9,112	140,156	142,440	6,828
Interest & Costs on Taxes	-	20,484	20,484	-
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	\$ 9,112	\$ 486,873	\$ 489,157	\$ 6,828

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

ACCOUNT	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Salary and Wages	\$ 15,434	\$ 11,234	\$ 6,206	\$ 5,028
Other Expenses:				
Administrative & Executive	272	957	452	505
Financial Administration	32	32	32	-
Assessment of Taxes	120	120	120	-
Collection of Taxes	123	123	123	-
Liquidation of Tax Title Liens	50	1,880	1,829	51
Legal Services & Costs	6,993	2,618	2,618	-
Engineering Services & Costs	1,171	1,171	-	1,171
Planning Board	551	551	-	551
Sewer Systems	1,435	1,435	-	1,435
Recreation	34	34	-	34
Utility Expenses & Bulk Purchases	3,401	3,951	3,401	550
Building and Grounds	156	556	221	335
Streets and Roads	-	2,150	60	2,090
Convenience Center	9,465	11,350	10,501	849
Fire	2,093	2,093	2,093	-
EMS- First Responder	992	992	-	992
Municipal Prosecutor	1,800	1,800	1,600	200
Municipal Court	1,788	1,788	1,251	537
Public Defender	500	500	500	-
Office of Emergency Management	311	1,036	1,036	-
Dog Regulation	568	568	568	-
Zoning Enforcement	275	275	225	50
Construction Official	323	323	-	323
Social Security	947	947	947	-
Unemployment Insurance	17	17	17	-
Recycling Tax	458	458	247	211
Utility Maintenance	14	364	14	350
Subtotal	<u>\$ 49,323</u>	<u>\$ 49,323</u>	<u>\$ 34,061</u>	<u>\$ 15,262</u>
Appropriation Reserves	\$ 37,013	\$ 37,013	\$ 21,751	\$ 15,262
Encumbrances Payable	12,310	12,310	12,310	-
Total	<u>\$ 49,323</u>	<u>\$ 49,323</u>	<u>\$ 34,061</u>	<u>\$ 15,262</u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017:		
School Taxes Payable	\$ 244,313	
School Taxes Deferred	<u>474,991</u>	\$ 719,304
Increased by:		
School Year Levy July 1, 2018 to June 30, 2019		<u>1,514,402</u>
Subtotal		2,233,706
Decreased by Payments		<u>1,499,558</u>
Balance December 31, 2018:		
School Taxes Payable	34,157	
School Taxes Deferred	<u>699,991</u>	<u>734,148</u>
2018 Liability for Local School Tax:		
Tax Paid		1,499,558
Taxes Payable December 31, 2018		<u>34,157</u>
Subtotal		1,533,715
Less: Taxes Payable December 31, 2017		<u>244,313</u>
Amount Charged to 2018 Operations		<u><u>\$ 1,289,402</u></u>

**SCHEDULE OF REGIONAL HIGH SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017:		
School Taxes Payable		\$ 15,359
Increased by:		
Levy - Calendar Year 2018		<u>1,203,934</u>
Subtotal		1,219,293
Decreased by Payments		<u>1,227,125</u>
Balance December 31, 2018:		
School Taxes Payable		<u><u>\$ (7,832)</u></u>

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	2,066
Increased by 2018 Levy:			
General County	\$	580,539	
County Library		51,223	
County Open Space Preservation		42,101	
Due County for Added & Omitted Taxes		845	674,708
Subtotal			676,774
Decreased by Payments			675,929
Balance December 31, 2018		\$	845

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	BUDGETED	RECEIVED	TRANSFERRED FROM UNAPPROPRIATED	BALANCE DECEMBER 31, 2018
State Grants:					
Recycling Tonnage	\$ -	\$ 5,073	\$ -	\$ 4,311	\$ 762
Clean Communities Grant	5,779	6,952	6,952	-	5,779
Volunteer Fire Assistance Grant	-	3,172	3,172	-	-
NJ DOT	-	250,000	51,678	-	198,322
County Grants:					
Municipal Park Development Program	46,083	85,000	79,000	-	52,083
Total	\$ 51,862	\$ 350,197	\$ 140,802	\$ 4,311	\$ 256,946

**TOWNSHIP OF BASS RIVER
CURRENT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	APPROPRIATED	EXPENDED	BALANCE DECEMBER 31, 2018
State Grants:				
Alcohol Education & Rehabilitation Fund	\$ 733	\$ -	\$ -	\$ 733
Clean Communities Grant	11,841	-	3,282	8,559
Clean Communities Grant - 2018	-	6,952	2,492	4,460
Recycling Tonnage Grant	3,272	5,073	3,750	4,595
Volunteer Fire Assistance Grant	-	3,172	3,172	-
NJ DOT Grant	404	250,000	164	250,240
County Grants:				
Municipal Park Development Program	46,083	85,000	63,625	67,458
Total	<u>\$ 62,333</u>	<u>\$ 350,197</u>	<u>\$ 76,485</u>	<u>\$ 336,045</u>
Original Budget	\$ 4,311			
Chapter 159's		345,886		
Total	<u>\$ 350,197</u>			
Cash Disbursements			<u>\$ 76,485</u>	
Total			<u>\$ 76,485</u>	

**TOWNSHIP OF BASS RIVER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	RECEIVED 2018	ANTICIPATED AS REVENUE	BALANCE DECEMBER 31, 2018
State Grants:				
Recycling Tonnage	\$ 4,311	\$ -	\$ 4,311	\$ -
Municipal Drug Alliance	10,396	-	-	10,396
Local Grants:				
County Parks Grant	-	184,128	-	184,128
	<hr/>			
Total	\$ 14,707	\$ 184,128	\$ 4,311	\$ 194,524

**CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	AUTHORIZED	BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2018
Overexpenditure of Appropriation	\$ 41,229	\$ -	\$ 41,229	\$ -
Expenditure without Appropriation - Grant Fund	-	184,128	-	184,128
Special Emergency	59,788	-	20,249	39,539
	<hr/>			
Total	\$ 101,017	\$ 184,128	\$ 61,478	\$ 223,667

TRUST FUND

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**TOWNSHIP OF BASS RIVER
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ANIMAL CONTROL FUND	TRUST OTHER FUND	PAYROLL FUND
Balance December 31, 2017	\$ 855	\$ 48,380	\$ 986
Receipts:			
Dog License Fees:			
Municipal Licenses - 2018	133	-	-
State Fees	63	-	-
Payroll Account	-	-	423,742
Fire Penalty	-	1	-
Public Defender	-	1,360	-
Tax Sales Escrow	-	45,992	-
Developer's Escrow	-	2,042	-
Waste Water Disposal	-	3	-
Unemployment Account	-	2	-
Due from Current	1	11	13
	<hr/>	<hr/>	<hr/>
Total Funds Available	1,052	97,791	424,741
	<hr/>	<hr/>	<hr/>
Disbursements:			
Animal Control Expenses	697	-	-
Due to State	63	-	-
Due to Current	208	-	-
Payroll Deductions Payable	-	-	409,187
Tax Sales Escrow	-	49,500	-
Developer's Escrow	-	1,578	-
Unemployment Account	-	2,000	-
Fire Penalty	-	700	-
Public Defender	-	10,750	-
	<hr/>	<hr/>	<hr/>
Total Disbursements	968	64,528	409,187
	<hr/>	<hr/>	<hr/>
Balance December 31, 2018	<u>\$ 84</u>	<u>\$ 33,263</u>	<u>\$ 15,554</u>

**TOWNSHIP OF BASS RIVER
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$	648
Increased by:		
Dog License Fees Collected		196
Subtotal		844
Decreased by:		
Expenditures Under N.J.S.A.4:19-15.11		760
Balance December 31, 2018	\$	84

LICENSE FEES COLLECTED

YEAR	AMOUNT
2017	\$ 259
2016	264
Total	\$ 523

**ANIMAL CONTROL FUND
SCHEDULE OF DUE (TO)/FROM CURRENT FUND (ANIMAL CONTROL FUND)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$	207
Increased by:		
Interest Due to Current		1
Subtotal		208
Decreased by:		
Interfunds Liquidated		208
Balance December 31, 2018	\$	-

EXHIBIT B-4

**TOWNSHIP OF BASS RIVER
TRUST FUND
SCHEDULE OF RESERVE FOR FIRE PENALTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$	750
Increased by:		
Interest Earned		1
		<hr/>
Subtotal		751
Decreased by:		
Disbursements		700
		<hr/>
Balance December 31, 2018	\$	51
		<hr/> <hr/>

EXHIBIT B-5

**TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$	2,042
Increased by:		
Interest Earned		2
		<hr/>
Subtotal		2,044
Decreased by:		
Due to Current		2,000
		<hr/>
Balance December 31, 2018	\$	44
		<hr/> <hr/>

EXHIBIT B-6

**TRUST FUND
SCHEDULE OF DUE (TO)/FROM CURRENT FUND (TRUST OTHER FUND)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$	16,577
Decreased by:		
Interfund Liquidation		16,577
		<hr/>
Balance December 31, 2018	\$	-
		<hr/> <hr/>

**TOWNSHIP OF BASS RIVER
TRUST FUND
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 982
Increased by:	
Payroll Deductions Received	<u>423,742</u>
Subtotal	424,724
Decreased by:	
Payroll Expenditures	<u>409,187</u>
Balance December 31, 2018	<u><u>\$ 15,537</u></u>

**TOWNSHIP OF BASS RIVER
TRUST ASSESSMENT FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Purpose</u>	<u>Date Confirmed</u>	<u>Date</u>	<u>Number</u>	Balance December 31, <u>2018 & 2017</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, 2018**

Balance December 31, 2018 & 2017	<u>\$ 195</u>
Pledged to Receivable Balance December 31, 2018 & 2017	<u>\$ 195</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, 2018**

Balance December 31, 2018 & 2017	\$ <u>354</u>
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**SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018 & 2017	\$ <u>-</u>
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**ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2018**

Fund Balance	\$ 354
Capital Improvement Fund	111,373
Due to Current Fund	72,470

Improvement Authorizations:

ORDINANCE

NUMBER

1996	Purchase of Recreation Equipment	2,144
2000-04	Purchase of Fire Trucks	(4,400)
2001-06	Expansion of Municipal Building	(9,800)
2002-08	Reconstruction of Munion Field Road	(90,000)
2008	Reconstruction of Various Streets	(31,003)
2008	Improvement of Various Streets	2,705
2008	Acquisition of Property	5,200
2012-07	Various Capital Improvements	(22,843)
2012-08	Improvements to Municipal Parks	7,750
2014-04	Generator for Public Shelter	(43,950)

Total	\$ <u>-</u>
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TOWNSHIP OF BASS RIVER
SCHEDULE OF DEFERRED CHARGED TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	BALANCE DECEMBER 31, 2018
2000-04	Purchase of Fire Trucks	\$ 4,400	\$ -	\$ 4,400
2001-06	Exapnsion 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	-	31,003
2012-07	Various Capital Improvements	26,600	-	26,600
2012-08	Improvements to Municipal Parks	147,250	-	147,250
2014-04	Generator for Public Shelter	71,250	-	71,250
	Total	<u>\$ 380,303</u>	<u>\$ -</u>	<u>\$ 380,303</u>

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2017		2018 AUTHORIZATIONS	EXPENDED	BALANCE DECEMBER 31, 2018	
				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	-	-	7,750	147,250
2014-04	Generator for Public Shelter	9/8/2014	75,000	-	27,300	-	-	-	27,300
Total				\$ 15,094	\$ 181,012	\$ -	\$ -	\$ 15,094	\$ 181,012

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2018 & 2017

\$ 111,373

**TOWNSHIP OF BASS RIVER
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	BONDS AND NOTES AUTHORIZED	BALANCE DECEMBER 31, 2018
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	-	31,003
2012-07	Various Capital Improvements	26,600	-	26,600
2012-08	Improvements to Municipal Parks	147,250	-	147,250
2014-04	Generator for Public Shelter	71,250	-	71,250
		<u>\$ 380,303</u>	<u>\$ -</u>	<u>\$ 380,303</u>

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TOWNSHIP OF BASS RIVER

PART II

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

FOR THE YEAR ENDED DECEMBER 31, 2018

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**TOWNSHIP OF BASS RIVER
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 2018-001

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 \$184,128. 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.

Finding 2018-002

Criteria of Specific Requirement:

The Township's designed internal controls require the approval of all purchase orders by Chief Financial Management Officer prior to processing of purchase orders.

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.

Cause:

Management oversight.

TOWNSHIP OF BASS RIVER
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018 (continued):

Finding 2018-002 (continued):

Effect or Potential Effect:

The Township did not comply with its own designed controls and risks paying unauthorized vendors.

Recommendation:

That the Township comply with its designed internal controls regarding the proper approval of purchase orders, by the Chief Financial Management Officer, prior to the processing of purchase orders.

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, 2018**

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. 2017-001

Condition:

The Township's Current Fund Statement of expenditures reflects an over-expenditure in the amount of \$32,983

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.

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TOWNSHIP OF BASS RIVER

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

<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, 2018.

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, 2018.

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 8, 2018 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 2018-001

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.

Finding 2018-002

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.

RECOMMENDATIONS:

Finding 2018-001

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.

Finding 2018-002

That the Township comply with its designed internal controls regarding the proper approval of purchase orders, by the Chief Financial Management Officer, prior to the processing of purchase orders.

Appreciation

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Medford, New Jersey
June 5, 2019