

**TOWNSHIP OF COMMERCIAL
COUNTY OF CUMBERLAND
REPORT OF AUDIT
FOR THE YEAR 2019**

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TOWNSHIP OF COMMERCIAL
PART I
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Commercial
Port Norris, New Jersey 08349

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Commercial, in the County of Cumberland, State of New Jersey, as of December 31, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes 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; 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 as 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 entity'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 to the financial statements, the financial statements are prepared by the Township 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 Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Commercial, in the County of Cumberland, State of New Jersey, as of December 31, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Commercial, in the County of Cumberland, State of New Jersey, as of December 31, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2019, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Other Information

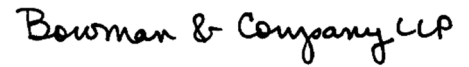
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township’s basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division 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 statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2020 on our consideration of the Township of Commercial, in the County of Cumberland, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Commercial's 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 of Commercial's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
July 13, 2020

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Commercial
Port Norris, New Jersey 08349

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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of Commercial, in the County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 13, 2020. That report indicated that the Township of Commercial's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division 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 of Commercial'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 of Commercial's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Commercial'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.

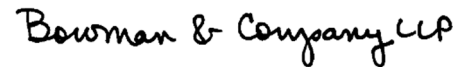
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Commercial's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

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 entity'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,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
July 13, 2020

**TOWNSHIP OF COMMERCIAL
CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2019 and 2018

	Ref.	2019	2018
Assets:			
Regular Fund:			
Cash - Treasurer	SA-1	\$ 2,459,038.23	\$ 2,424,143.20
Cash - Tax Collector	SA-2	195,111.85	97,367.22
Cash - Clerk	SA-3	7,366.16	161.83
Cash - Change Fund	A	1,100.00	1,100.00
Due From State of New Jersey - Veterans and Senior Citizens Deductions	SA-7	6,192.32	7,856.78
		<u>2,668,808.56</u>	<u>2,530,629.03</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-4	378,649.69	450,034.85
Tax Title Liens Receivable	SA-5	828,500.39	588,576.07
Property Acquired / Assessed Valuation	SA-6	1,874,800.00	1,706,700.00
Revenue Accounts Receivable	SA-8	3,373.34	1,225.90
Due from Federal, State and Other Grants Fund	SA-20		267,652.43
Due from Animal Control Fund	SB-3	784.66	375.78
		<u>3,086,108.08</u>	<u>3,014,565.03</u>
Deferred Charges:			
Emergency Appropriation N.J.S.A. 40A:4-46	SA-9	10,000.00	
		<u>5,764,916.64</u>	<u>5,545,194.06</u>
Federal, State and Other Grant Fund:			
Grants Receivable	SA-21	1,945,299.97	950,405.51
Due from Current Fund	SA-20	57,809.00	
		<u>2,003,108.97</u>	<u>950,405.51</u>
		<u>\$ 7,768,025.61</u>	<u>\$ 6,495,599.57</u>

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2019 and 2018

	Ref.	2019	2018
Liabilities, Reserves and Fund Balance:			
Regular Fund:			
Appropriation Reserves	A-3;SA-10	\$ 301,010.73	\$ 274,003.85
Reserve for Encumbrances	A-3;SA-10	46,506.95	119,012.69
Accounts Payable	SA-19	18,626.20	88.00
Prepaid Taxes	SA-11	123,374.93	108,835.07
Due to County for Added and Omitted Taxes	SA-14	4,010.79	4,047.32
Due to Local School District	SA-15	268,066.00	240,744.50
Due to State of New Jersey:			
Marriage Fees	SA-17	50.00	150.00
Uniform Construction Code Fees	SA-18	443.00	619.00
Due to Federal, State and Other Grant Fund	SA-20	57,809.00	
Due to Trust Other Fund	SB-6	14,222.58	5,850.60
Due to General Capital Fund	SC-2	272,114.55	295,080.25
		<u>1,106,234.73</u>	<u>1,048,431.28</u>
Reserves for Receivables	A	3,086,108.08	3,014,565.03
Fund Balance	A-1	<u>1,572,573.83</u>	<u>1,482,197.75</u>
		<u>5,764,916.64</u>	<u>5,545,194.06</u>
Federal, State and Other Grant Fund:			
Due to Current Fund	SA-20		267,652.43
Reserves for Federal and State Grants:			
Appropriated	SA-23	1,739,537.97	638,163.44
Reserve for Encumbrances	SA-23	263,571.00	44,589.64
		<u>2,003,108.97</u>	<u>950,405.51</u>
		<u>\$ 7,768,025.61</u>	<u>\$ 6,495,599.57</u>

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

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2019 and 2018

	2019	2018
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 600,000.00	\$ 585,000.00
Miscellaneous Revenues Anticipated	2,896,616.35	1,500,388.83
Receipts from Delinquent Taxes	372,715.57	275,955.30
Receipts from Current Taxes	6,610,514.34	6,702,704.37
Non-budget Revenues	28,438.55	74,862.39
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	251,578.50	248,290.41
Interfund Returned	267,243.55	
Statutory Excess - Animal Control Fund	2,104.70	2,056.46
Cancellation of Accounts Payable	88.00	7,356.00
	<u>11,029,299.56</u>	<u>9,396,613.76</u>
<u>Expenditures:</u>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS":		
Salaries and Wages	900,115.00	845,043.85
Other Expenses	1,510,568.00	1,596,666.15
Deferred Charges and Statutory Expenditures	154,691.00	146,870.31
Appropriations Excluded from "CAPS":		
Other Expenses	1,863,947.98	512,963.40
Capital Improvements	25,000.00	150,000.00
Municipal Debt Service	230,617.73	205,193.74
Transferred to Boards of Education	6,311.00	6,247.00
County Taxes	2,658,130.98	2,829,512.19
Due County for Added and Omitted Taxes	4,010.79	4,047.32
Local District School Tax	2,119,659.00	2,065,080.00
Special District Taxes	870,372.00	851,014.00
Senior Citizen and Veterans Deduction Disallowed	5,500.00	7,639.03
Interfund Created		173,973.41
	<u>10,348,923.48</u>	<u>9,394,250.40</u>
Excess in Revenues (Carried Forward)	680,376.08	2,363.36

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statements of Operations and Changes in Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Excess in Revenues (Brought Forward)	\$ 680,376.08	\$ 2,363.36
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year	<u>10,000.00</u>	
Statutory Excess of Fund Balance	690,376.08	2,363.36
Fund Balance January 1	<u>1,482,197.75</u>	<u>2,064,834.39</u>
	2,172,573.83	2,067,197.75
Decreased by: Utilization as Anticipated Revenue	<u>600,000.00</u>	<u>585,000.00</u>
Fund Balance December 31	<u>\$ 1,572,573.83</u>	<u>\$ 1,482,197.75</u>

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

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2019

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 600,000.00	\$	\$ 600,000.00	\$
Miscellaneous Revenues:				
Fines and Costs:				
Municipal Court	30,500.00		40,271.91	9,771.91
Interest and Costs on Taxes	55,000.00		62,609.01	7,609.01
Interest on Investments and Deposits	5,000.00		7,016.87	2,016.87
Rental Property - NJ State Police Barrack	102,375.00		102,375.00	
Rental Property - Post Office	42,924.00		42,924.00	
Salt Mining Annual Fee	50,800.00		49,312.00	(1,488.00)
Rental Registrations	105,000.00		99,750.00	(5,250.00)
Cable Franchise Fees	13,810.11		13,810.11	
Nextel Tower Rental	34,420.00		35,719.41	1,299.41
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	461,213.00		461,213.00	
Garden State Trust	73,093.00		73,093.00	
Uniform Construction Codes Fees	26,464.00		35,111.00	8,647.00
Public and Private Revenues Offset With Appropriations:				
Municipal Alliance on Alcoholism and Drug Abuse	9,695.00		9,695.00	
JIF EPL/CYBER Risk Management Awards	725.00		725.00	
JIF Optional Safety Budget Program	1,500.00		1,500.00	
JIF Safety Incentive Program Awards	1,650.00		1,650.00	
NJDOT Municipal Aid Program - Whittier, Iris, Magnolia		291,164.00	291,164.00	
NJDOT Freight Impact Fund		1,500,000.00	1,500,000.00	
JIF Wellness Incentive Program	275.00		275.00	
Recycling Tonnage Grants	5,759.76		5,759.76	
Clean Communities Grant		18,008.22	18,008.22	

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2019

	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Miscellaneous Revenues (Cont'd):				
Other Special Items with Prior Written Consent:				
Reserve for Payment in Lieu of Taxes	\$ 17,000.00	\$	\$ 17,000.00	\$
Trust Fund - Donations for Veterans' Park	11,875.00		11,875.00	
General Capital Fund Balance	9,289.06		9,289.06	
Licenses - Alcoholic Beverages	2,150.00		2,150.00	
Fees and Permits - Certificate of Occupancy	5,585.00		4,320.00	(1,265.00)
	<u>1,066,102.93</u>	<u>1,809,172.22</u>	<u>2,896,616.35</u>	<u>21,341.20</u>
Receipts from Delinquent Taxes	<u>322,265.00</u>		<u>372,715.57</u>	<u>50,450.57</u>
Subtotal General Revenues	1,988,367.93	1,809,172.22	3,869,331.92	71,791.77
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	<u>1,585,178.36</u>		<u>1,632,809.37</u>	<u>47,631.01</u>
Budget Totals	3,573,546.29	1,809,172.22	5,502,141.29	119,422.78
Nonbudget Revenues			<u>28,438.55</u>	<u>28,438.55</u>
	<u>\$ 3,573,546.29</u>	<u>\$ 1,809,172.22</u>	<u>\$ 5,530,579.84</u>	<u>\$ 147,861.33</u>

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2019

Analysis of Realized Revenue:Allocation of Current Tax Collections:

Revenue from Collections	\$ 6,610,514.34
Allocated to:	
School, County, and Special District Taxes	<u>5,652,172.77</u>
Balance for Support of Municipal Budget Revenues	958,341.57
Add:	
Appropriation: "Reserve for Uncollected Taxes"	<u>674,467.80</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 1,632,809.37</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 272,947.01
Tax Title Lien Collections	<u>99,768.56</u>
	<u><u>\$ 372,715.57</u></u>

Analysis of Non-Budget Revenue:

Township Clerk:		
Copies	\$	655.15
Raffle Bingo		10.00
Property Lists		50.00
Sales of Equipment		5,070.00
Land Donation Fee		600.00
Site Plan		500.00
Miscellaneous		20.00
Election Polling		150.00
Registrar		51.00
Tires		<u>662.00</u>
		\$ 7,768.15
Township Clerk:		
Property Acquired for Taxes - Land Sale		600.00
Revenue Accounts Receivable:		
Public Defender Fees		6,525.00
Zone Applications		<u>825.00</u>
		7,350.00
Due from Animal Control Fund:		
Cat License Fees		370.00

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2019

Analysis of Non-Budget Revenue (Cont'd):

Treasurer:

Senior Citizens and Veterans Administrative Fee	\$	1,288.29
Court Interest		9.09
Rental of Community Center		1,500.00
UCC Administrative Fee		764.00
Code Enforcement Fines		2,925.00
Scrap Metal		1,807.60
Homestead Rebate Postage Refund		512.40
Road and Street Opening Fees		1,275.00
Insurance Reimbursement		1,045.00
Miscellaneous		203.02
Registrar Fees		897.00
		<u>897.00</u>

\$ 12,226.40

Tax Collector:

Duplicate Tax Bills		44.00
Tax Search Fees		40.00
NSF Checks		40.00
		<u>40.00</u>

124.00

\$ 28,438.55

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

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS":						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration:						
Other Expenses	\$ 31,005.00	\$ 31,005.00	\$ 25,654.78		\$ 5,350.22	\$
Mayor and Committee:						
Salaries and Wages	39,000.00	39,000.00	38,937.60		62.40	
Other Expenses	5,000.00	5,000.00	3,320.40		1,679.60	
Municipal Clerk:						
Salaries and Wages	127,151.00	127,151.00	126,170.27		980.73	
Other Expenses	22,500.00	22,500.00	11,090.53	12.51	11,396.96	
Financial Administration - Treasury:						
Salaries and Wages	38,000.00	35,000.00	33,022.96		1,977.04	
Other Expenses	11,500.00	11,500.00	9,950.01	240.00	1,309.99	
Audit Services:						
Other Expenses	34,000.00	34,000.00	33,000.00		1,000.00	
Data Processing Center:						
Other Expenses	50,500.00	50,500.00	35,801.21	2,624.00	12,074.79	
Revenue Administration - Tax Collection:						
Salaries and Wages	92,800.00	92,800.00	88,986.65		3,813.35	
Other Expenses	20,000.00	20,000.00	11,783.33		8,216.67	
Tax Title Lien Manager:						
Other Expenses	45,000.00	45,000.00	1,859.10		43,140.90	
Tax Assessment Administration:						
Salaries and Wages	20,300.00	20,300.00	20,247.50		52.50	
Other Expenses	24,300.00	24,300.00	5,384.44	8,288.32	10,627.24	
Legal Services:						
Other Expenses (N.J.S.A. 40A-4:46, \$10,000.00+)	60,000.00	93,000.00	85,664.98		7,335.02	
Engineering Services:						
Other Expenses	25,000.00	25,000.00	14,093.58	2,702.00	8,204.42	
Municipal Court:						
Salaries and Wages	97,700.00	97,700.00	95,904.76		1,795.24	
Other Expenses	9,220.00	9,220.00	6,916.26		2,303.74	
Public Defender:						
Salaries and Wages	7,000.00	7,000.00	5,104.56		1,895.44	
Municipal Land Use Law (N.J.S.A 40:55D-1):						
Planning Board:						
Salaries and Wages	700.00	700.00	632.75		67.25	
Other Expenses	7,900.00	7,900.00	2,544.71	112.50	5,242.79	

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D):						
SANITATION:						
Public Buildings and Grounds:						
Salary and Wages	\$ 17,000.00	\$ 17,000.00	\$ 15,861.30	\$	\$ 1,138.70	\$
Other Expenses	102,000.00	102,000.00	50,347.12	6,692.93	44,959.95	
Garbage and Trash Removal:						
Other Expenses	266,420.00	266,420.00	265,420.00		1,000.00	
Sanitary Landfill:						
Other Expenses:	147,000.00	147,000.00	118,219.22	2,115.06	26,665.72	
Sanitary Sluice and Ditch:						
Other Expenses	5,000.00	3,000.00	1,250.00		1,750.00	
PUBLIC SAFETY FUNCTIONS:						
Office Of Emergency Management:						
Salaries and Wages	3,440.00	3,440.00	3,406.64		33.36	
Other Expenses	4,000.00	4,000.00			4,000.00	
Court Professionals:						
Salaries and Wages	12,084.00	12,084.00	12,082.80		1.20	
STREETS AND ROADS:						
Road Repairs and Maintenance:						
Salaries and Wages	292,800.00	292,800.00	278,942.96		13,857.04	
Other Expenses	82,500.00	82,500.00	41,748.91	19,495.18	21,255.91	
HEALTH AND HUMAN SERVICES FUNCTIONS:						
Senior Center:						
Salaries and Wages	13,100.00	13,100.00	12,869.40		230.60	
Other Expenses	3,400.00	3,740.00	3,544.37	183.35	12.28	
Dog Regulation:						
Other Expenses	34,000.00	35,000.00	34,548.96	388.75	62.29	
Environmental Commission:						
Other Expenses	1,000.00	1,000.00	350.00		650.00	
Community Food Bank:						
Other Expenses	1,500.00	1,650.00	1,611.38		38.62	
RECREATION AND EDUCATION:						
Parks and Playgrounds:						
Other Expenses	3,500.00	3,500.00	2,000.00		1,500.00	

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONT'D):						
RECREATION AND EDUCATION:						
Maintenance of Parks:						
Other Expenses	\$ 2,500.00	\$ 2,500.00	\$ 2,200.00	\$	\$ 300.00	\$
Library Operations:						
Salaries and Wages	8,180.00	8,180.00	8,179.60		0.40	
Other Expenses	3,100.00	2,610.00	1,378.49	258.06	973.45	
OTHER COMMON OPERATING FUNCTIONS:						
Accumulated Leave Compensation:						
Other Expenses	10,000.00	10,000.00	10,000.00			
Celebration of Public Events:						
Other Expenses	3,338.00	3,338.00			3,338.00	
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	30,000.00	24,000.00	18,693.24		5,306.76	
Street Lighting	73,000.00	79,000.00	74,171.33		4,828.67	
Telephone	22,000.00	20,300.00	15,926.44		4,373.56	
Natural Gas	15,000.00	13,000.00	9,247.20	2,058.00	1,694.80	
Gasoline and Diesel Fuel	29,000.00	22,000.00	13,624.72	1,293.51	7,081.77	
Insurance:						
Liability Insurance	20,000.00	18,000.00	15,360.00		2,640.00	
Workers Compensation	42,240.00	39,240.00	36,640.00		2,600.00	
Group Insurance Plans for Employees	239,645.00	234,645.00	226,437.48		8,207.52	
Unemployment Insurance	2,000.00	2,000.00	2,000.00			
STATE UNIFORM CONSTRUCTION CODE:						
Construction Official:						
Salaries and Wages	59,100.00	59,100.00	51,491.98		7,608.02	
Other Expenses	5,700.00	5,700.00	4,772.45		927.55	
Housing Inspector:						
Salaries and Wages	74,760.00	74,760.00	73,111.94		1,648.06	
Other Expenses	5,500.00	5,500.00	3,795.90		1,704.10	
Total Operations Within "CAPS"	2,402,383.00	2,410,683.00	2,065,304.21	46,464.17	298,914.62	-
Detail:						
Salaries and Wages	903,115.00	900,115.00	864,953.67	-	35,161.33	-
Other Expenses	1,499,268.00	1,510,568.00	1,200,350.54	46,464.17	263,753.29	-
Total Operations Including Contingent Within "CAPS"	2,402,383.00	2,410,683.00	2,065,304.21	46,464.17	298,914.62	-

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
EXPENDITURES - MUNICIPAL WITHIN "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System of NJ	\$ 86,991.00	\$ 86,991.00	\$ 86,991.00		\$	\$
Social Security System (O.A.S.I.)	62,000.00	63,700.00	63,666.59		33.41	
Defined Contribution Retirement Program	4,000.00	4,000.00	2,964.03		1,035.97	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	152,991.00	154,691.00	153,621.62	-	1,069.38	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	2,555,374.00	2,565,374.00	2,218,925.83	46,464.17	299,984.00	-
OPERATIONS EXCLUDED FROM "CAPS" :						
Recycling Tax	7,800.00	7,800.00	6,730.49	42.78	1,026.73	
Interlocal Municipal Service Agreements:						
SFSP Fire District Payment	1,871.00	1,871.00	1,871.00			
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
NJ Department of Environmental Protection:						
Clean Communities (N.J.S.A. 40A-4:87, \$18,008.22+)		18,008.22	18,008.22			
Municipal Alliance for Alcohol and Drug Abuse	9,695.00	9,695.00	9,695.00			
Municipal Alliance for Alcohol and Drug Abuse - Grant Match	2,500.00	2,500.00	2,500.00			
NJDOT Municipal Aid - Whittier, Iris, Magnolia (N.J.S.A. 40A-4:87, \$291,164.00+)		291,164.00	291,164.00			
NJDOT Municipal Aid - Whittier, Iris, Magnolia - Grant Match (N.J.S.A. 40A-4:85, \$23,000.00+)		23,000.00	23,000.00			
NJDOT Frieght Impact Fund (N.J.S.A. 40A-4:87, \$1,500,000.00)		1,500,000.00	1,500,000.00			
JIF Wellness Incentive Program	275.00	275.00	275.00			
JIF Optional Safety Budget Program	1,500.00	1,500.00	1,500.00			
JIF Safety Incentive Program Awards	1,650.00	1,650.00	1,650.00			
JIF EPL/CYBER Risk Management Awards	725.00	725.00	725.00			
Recycling Tonnage Grants	5,759.76	5,759.76	5,759.76			
Matching Funds for Grants (N.J.S.A. 40A-4:85, \$23,000.00-)	50,000.00	27,000.00				27,000.00
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	81,775.76	1,890,947.98	1,862,878.47	42.78	1,026.73	27,000.00
OPERATIONS EXCLUDED FROM "CAPS" (CONT'D):						
Detail:						
Other Expenses	81,775.76	1,890,947.98	1,862,878.47	42.78	1,026.73	27,000.00

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2019

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":						
Capital Improvement Fund	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$	\$	\$
Reserve for Road Improvements	20,000.00	20,000.00	20,000.00			
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	25,000.00	25,000.00	25,000.00	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":						
Payment of Bond Anticipation Notes	206,150.00	206,150.00	206,150.00			
Interest on Notes	24,467.73	24,467.73	24,467.73			
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	230,617.73	230,617.73	230,617.73	-	-	-
TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOLS	6,311.00	6,311.00	6,311.00	-	-	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	343,704.49	2,152,876.71	2,124,807.20	42.78	1,026.73	27,000.00
SUBTOTAL GENERAL APPROPRIATIONS	2,899,078.49	4,718,250.71	4,343,733.03	46,506.95	301,010.73	27,000.00
RESERVE FOR UNCOLLECTED TAXES	674,467.80	674,467.80	674,467.80	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 3,573,546.29	\$ 5,392,718.51	\$ 5,018,200.83	\$ 46,506.95	\$ 301,010.73	\$ 27,000.00
Appropriation by 40A: 4-46		\$ 10,000.00				
Appropriation by 40A: 4-87		1,809,172.22				
Adopted Budget		3,573,546.29				
		\$ 5,392,718.51				
Federal State and Other Grants Appropriated			\$ 1,851,776.98			
Due to Federal, State and Other Grant Fund			2,500.00			
Transferred to Local School District Payable			6,311.00			
Due to Trust Other Fund - Unemployment Appropriation			2,000.00			
Due to Trust Other Fund - Storm Recovery Appropriation			8,000.00			
Due to General Capital Fund -- Capital Improvement Fund			5,000.00			
Due to General Capital Fund -- Reserve for Road Improvements			20,000.00			
Reserve for Uncollected Taxes			674,467.80			
Disbursed			2,448,145.05			
			\$ 5,018,200.83			

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

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Statements of Assets, Liabilities, and Reserves - Regulatory Basis
 As of December 31, 2019 and 2018

	Ref.	2019	2018
Assets:			
Animal Control Fund:			
Cash - Chief Financial Officer	SB-1	\$ 4,653.96	\$ 4,685.78
		<u>4,653.96</u>	<u>4,685.78</u>
Trust Other Fund:			
Cash - Chief Financial Officer	SB-1	353,554.11	357,478.17
Cash - Tax Collector	SB-2	16,178.26	14,974.25
Due from Current Fund	SB-6	14,222.58	5,850.60
		<u>383,954.95</u>	<u>378,303.02</u>
		<u>\$ 388,608.91</u>	<u>\$ 382,988.80</u>
Liabilities and Reserves:			
Animal Control Fund:			
Due to Current Fund	SB-3	\$ 784.66	\$ 375.78
Reserve for Animal Control Fund Expenditures	SB-5	3,869.30	4,310.00
		<u>4,653.96</u>	<u>4,685.78</u>
Trust Other Fund:			
Fish and Game -- Due to State or Agent	SB-7	1,612.28	1,429.82
Miscellaneous Trust Reserves			
Deposits for Redemption of Tax Sale Certificates	SB-8	5,943.58	512.57
Tax Sale Premiums	SB-8	9,900.00	14,200.00
Unemployment	SB-8	32,539.49	44,765.64
Sanitary Landfill Closure:			
Post Closure Landfill Escrow	SB-8	152,957.44	152,575.56
DEP Closure Escrow Account	SB-8	29,980.63	29,905.77
Recreational Donations	SB-8	11,219.84	10,719.84
Veterans' Park	SB-8	14,370.36	15,700.91
Planning Board Escrow	SB-8	13,880.28	15,132.22
Public Defender Fees	SB-8		
Accumulated Absences	SB-8	94,857.00	84,643.57
Storm Recovery	SB-8	13,500.00	5,500.00
Payroll Taxes Payable	SB-8	3,194.05	3,217.12
		<u>383,954.95</u>	<u>378,303.02</u>
		<u>\$ 388,608.91</u>	<u>\$ 382,988.80</u>

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

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
 As of December 31, 2019 and 2018

Assets:	Ref.	2019	2018
Due from Current Fund	SC-2	\$ 272,114.55	\$ 295,080.25
Deferred Charges to Future Taxation:			
Unfunded	SC-3	891,550.00	1,097,700.00
		<u>\$ 1,163,664.55</u>	<u>\$ 1,392,780.25</u>
Liabilities, Reserves and Fund Balance:			
Bond Anticipation Notes	SC-9	\$ 891,550.00	\$ 1,097,700.00
Improvement Authorizations:			
Funded	SC-4	5,491.00	24,491.00
Unfunded	SC-4	50,178.83	50,892.89
Reserve for Encumbrances	SC-8	29,184.08	67,363.61
Reserve for Buildings and Grounds	C	56,933.00	56,933.00
Reserve for Equipment Replacement	SC-6	34,500.00	
Reserve for Road Improvements	SC-7	4,716.95	
Capital Improvement Fund	SC-5	91,110.69	86,110.69
Fund Balance	C-1		9,289.06
		<u>\$ 1,163,664.55</u>	<u>\$ 1,392,780.25</u>

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

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2019

Balance December 31, 2018	\$ 9,289.06
Decreased by:	
Realized as Current Fund Revenue in 2019	\$ <u>9,289.06</u>

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

TOWNSHIP OF COMMERCIAL
GENERAL FIXED ASSET GROUP OF ACCOUNTS
Statement of Changes General Fixed Asset Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2019

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
General Fixed Assets:				
Land, Buildings and Improvements	\$ 3,779,260.00	\$ 25,000.00	\$ 19,200.00	\$ 3,785,060.00
Furniture, Fixtures, and Equipment	372,684.00	19,297.00		391,981.00
Vehicles	<u>833,509.00</u>	<u>34,838.00</u>	<u>21,100.00</u>	<u>847,247.00</u>
Total General Fixed Assets	<u>\$ 4,985,453.00</u>	<u>\$ 79,135.00</u>	<u>\$ 40,300.00</u>	<u>\$ 5,024,288.00</u>
 Total Investment in General Fixed Assets	 <u>\$ 4,985,453.00</u>	 <u>\$ 79,135.00</u>	 <u>\$ 40,300.00</u>	 <u>\$ 5,024,288.00</u>

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

TOWNSHIP OF COMMERCIAL
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Commercial (hereafter referred to as the "Township") was incorporated in February 27, 1874 and is located in southwest New Jersey approximately sixty miles south of the City of Philadelphia. The Township has a total area of 34.5 square miles. The population according to the 2010 census is 5,178.

The Township of Commercial is governed under the Township form of government with a three-member Township Committee. The Township Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis with one seat coming up for election each year. At an annual reorganization meeting, the Township Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Executive and administrative responsibility rests with the Mayor, who is assisted by the Township Clerk.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") 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* 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 States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal, state and other grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

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 10 of each year. At introduction, the governing body shall 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting (Cont'd) - 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 the Division 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.

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.

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

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 ("GUDPA"), a multiple financial institutional collateral pool, 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.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, 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. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at 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 asset group of accounts, 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 include 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. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

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

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.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balance included in the current fund represents the amount available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is 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 to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property Tax Revenues - 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 Cumberland, the Township of Commercial School District, the Township of Commercial Fire District No. 1, the Township of Commercial Fire District No. 2, and the Township of Commercial Fire District No. 3. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Commercial School District. Operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2018 and decreased by the amount deferred at December 31, 2019.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Cumberland. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 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 10 of the current year, and due to be paid to the County by February 15 of the following year.

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Commercial Fire District No. 1, the Township of Commercial Fire District No. 2, and the Township of Commercial Fire District No. 3. Operations is charged for the full amount required to be raised from taxation to operate the Fire Districts for the period from January 1 to December 31.

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 - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are 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 provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital 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 canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2019, the Township's bank balances of \$3,060,809.62 were insured by FDIC and GUDPA.

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2019, the Township's deposits with the New Jersey Cash Management Fund were \$16,817.99.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$ 2.280	\$ 2.302	\$ 2.215	\$ 2.133	\$ 2.164
Apportionment of Tax Rate:					
Municipal	\$.568	\$.567	\$.567	\$.568	\$.567
County	.953	1.003	.951	.882	.897
Local School	.759	.732	.697	.683	.700

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 279,498,500.00
2018	282,422,500.00
2017	283,114,700.00
2016	284,191,200.00
2015	287,983,329.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 7,255,438.18	\$ 6,610,514.34	91.11%
2018	7,364,549.58	6,702,704.37	91.01%
2017	7,128,850.94	6,664,632.19	93.49%
2016	6,915,141.51	6,542,765.48	94.62%
2015	7,040,798.12	6,564,100.63	93.23%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$ 828,601.16	\$ 378,649.69	\$ 1,207,250.85	16.64%
2018	588,576.07	450,034.85	1,038,610.92	14.10%
2017	449,304.41	278,248.07	727,552.48	10.21%
2016	435,395.88	255,262.15	690,658.03	9.99%
2015	369,031.36	347,525.85	716,557.21	10.18%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2019	263
2018	240
2017	204
2016	231
2015	194

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 1,874,800.00
2018	1,706,700.00
2017	2,776,200.00
2016	2,885,200.00
2015	2,636,700.00

Note 5: FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 1,572,573.83	\$ 580,000.00	36.88%
2018	1,482,197.75	600,000.00	40.48%
2017	2,064,834.39	585,000.00	28.33%
2016	2,089,800.08	323,750.00	15.49%
2015	1,853,134.70	340,000.00	18.35%

Note 6: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 784.66	\$ 344,146.13
Federal, State and Other Grant	57,809.00	
Trust - Animal Control		784.66
Trust - Other	14,222.58	
General Capital	272,114.55	
Totals	<u>\$ 344,930.79</u>	<u>\$ 344,930.79</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2020, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

A substantial number of the Township's employees participate in the Public Employees Retirement System ("PERS"), a defined benefit pension plan which is administered by the New Jersey Division of Pensions and Benefits. In addition, several Township employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 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 years or more 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.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The Township's contractually required contribution rate for the year ended December 31, 2019 was 13.06% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$71,465.00, and was payable by April 1, 2020. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$86,599.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$41,270.05.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2019, employee contributions totaled \$4,050.07, and the Township's contributions were \$2,964.02. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$1,323,824.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Township's proportion was .0073470341%, which was a decrease of .0013592099% from its proportion measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$51,221.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township's contribution to PERS was \$86,599.00, and was paid on April 1, 2019.

Note 7: **PENSION PLANS (CONT'D)**

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between Expected and Actual Experience	\$ 23,761.00	\$ 5,848.00
Changes of Assumptions	132,189.00	459,495.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	20,897.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	108,615.00	259,662.00
Township Contributions Subsequent to the Measurement Date	<u>35,733.00</u>	<u>-</u>
	<u>\$ 300,298.00</u>	<u>\$ 745,902.00</u>

\$35,733.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2020. This amount was based on an estimated April 1, 2021 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2019 to the Township's year end of December 31, 2019.

Note 7: **PENSION PLANS (CONT'D)**

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

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

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

	Year Ending <u>Dec 31,</u>	
2020	\$	(46,047.00)
2021		(156,154.00)
2022		(155,865.00)
2023		(105,526.00)
2024		(17,745.00)
		<u>\$ (481,337.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28%. The single blended discount rate as based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, 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% lower or 1% higher than the current rates used:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 1,672,205.00</u>	<u>\$ 1,323,824.00</u>	<u>\$ 1,030,264.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASB 68, the following information is also presented for the PERS Pension Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Seven Years)

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0073470341%	0.0087062440%	0.0084858136%	0.0082172640%
Township's Proportionate Share of the Net Pension Liability	\$ 1,323,824.00	\$ 1,714,216.00	\$ 1,975,362.00	\$ 2,433,718.00
Township's Covered Payroll (Plan Measurement Period)	\$ 535,968.00	\$ 611,392.00	\$ 587,896.00	\$ 565,288.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	247.00%	280.38%	336.01%	430.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0078517509%	0.0066303926%	0.0074631087%	
Township's Proportionate Share of the Net Pension Liability	\$ 1,762,561.00	\$ 1,241,391.00	\$ 1,426,348.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 541,616.00	\$ 482,772.00	\$ 514,828.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.43%	257.14%	277.05%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Seven Years)***

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 71,465.00	\$ 86,599.00	\$ 78,612.00	\$ 73,001.00
Township's Contribution in Relation to the Contractually Required Contribution	(71,465.00)	(86,599.00)	(78,612.00)	(73,001.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 547,257.00	\$ 541,251.00	\$ 604,362.00	\$ 587,896.00
Township's Contributions as a Percentage of Covered Payroll	13.06%	16.00%	13.01%	12.42%

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 67,504.00	\$ 54,660.00	\$ 56,233.00
Township's Contribution in Relation to the Contractually Required Contribution	(67,504.00)	(54,660.00)	(56,233.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 565,133.00	\$ 523,365.00	\$ 496,362.00
Township's Contributions as a Percentage of Covered Payroll	11.94%	10.44%	11.33%

Other Notes to Supplementary Pension Information***Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

Note 7: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information (Cont'd)*****Public Employees' Retirement System (PERS) (Cont'd)*****Changes in Assumptions (Cont'd)**

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

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

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Plan Description and Benefits Provided (Cont'd) - In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Township was billed monthly by the Plan and paid \$48,692.75 for the year ended December 31, 2019, representing 8.90% of the Township's covered payroll. During the year ended December 31, 2019, retirees were not required to contribute to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The Township does not have a Special Funding Situation within the Plan.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2019 the Township's proportionate share of the net OPEB liability was \$1,938,036.00.

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Township's proportion was .014307%, which was a decrease of .001142% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the Township's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$88,182.00). This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2019, the Township made contributions to the Plan totaling \$48,692.75.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 566,757.00
Changes of Assumptions	-	686,797.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,596.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	34,042.00	446,394.00
Township Contributions Subsequent to the Measurement Date	23,552.40	-
	<u>\$ 59,190.40</u>	<u>\$ 1,699,948.00</u>

\$23,552.40 reported as deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2020.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Year Ending Dec. 31,		
2020	\$	(274,024.00)
2021		(274,024.00)
2022		(274,149.00)
2023		(274,351.00)
2024		(274,536.00)
Thereafter		<u>(293,226.00)</u>
	\$	<u>(1,664,310.00)</u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%

* Salary Increases are Based on Years of Service
Within the Respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

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

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

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The Township's proportionate share of the net OPEB liability as of June 30, 2019, the Plans measurement date, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Township's Proportionate Share of the Net OPEB Liability	\$ 2,240,863.00	\$ 1,938,036.00	\$ 1,691,949.00

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The Township's proportionate share of the net OPEB Liability as of June 30, 2019, the Plans measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Township's Proportionate Share of the Net OPEB Liability	\$ 1,635,464.00	\$ 1,938,036.00	\$ 2,324,018.00

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the net OPEB Liability (Last Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.014307%	0.015449%	0.015250%
Township's Proportionate Share of the Net OPEB Liability \$	1,938,036.00	\$ 2,420,336.00	\$ 3,113,408.00
Township's Covered Payroll (Plan Measurement Period) \$	520,763.00	\$ 591,090.00	\$ 599,644.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	372.15%	409.47%	519.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Schedule of the Township's Contributions (Last Three Years)

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 48,692.75	\$ 71,837.94	\$ 59,491.89
Township's Contributions in Relation to the Required Contribution	<u>(48,692.75)</u>	<u>(71,837.94)</u>	<u>(59,491.89)</u>
Township's Contribution Deficiency (Excess) \$	<u>-</u>	<u>-</u>	<u>-</u>
Township's Covered Payroll (Calendar Year) \$	547,257.00	\$ 541,251.00	\$ 604,362.00
Township's Contributions as a Percentage of Covered Payroll	8.90%	13.27%	9.84%

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Other Notes to Supplementary OPEB Information****Changes in Benefit Terms**

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2014 - June 30, 2018 PERS experience study. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

In 2017, the discount rate changed to 3.58% from 2.85%.

Note 9: COMPENSATED ABSENCES

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward.

The Township of Commercial compensates employees for unused sick leave and vacation days upon termination or retirement. The current policy for unused sick pay is that an employee that has reached the age of 55 and accumulated 10 years of service at the Township will be compensated for ½ of the sick pay at the current rate of pay upon retirement. The unused vacation days will be paid out at the full number of days the employee has accumulated on a pro-rated basis.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2019, the balance of the fund was \$94,857.00. It is estimated that, at December 31, 2019, accrued benefits for compensated absences are valued at \$144,746.35.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 11: SANITARY LANDFILL ESCROW CLOSURE FUND

On February 21, 1996, an administrative consent order was entered into pursuant to the authority vested in the Commissioner of the New Jersey Department of Environmental Protection, the Solid Waste Management Act, the Sanitary Landfill Closure and Contingency Fund Act, and the New Jersey Water Pollution Control Act. The consent order commits Commercial Township to provide financing for Closure and Post-Closure activities at its facility, and to provide written documentation of the financing to NJDEP, and also provides stipulated penalties for any failure to do so. The sanitary landfill closure period is 1996 and the post-closure period is 1996-2026.

There is a financial plan that has been adopted by the Township and requires the Township to budget a pre-determined amount for these costs each year. The accumulated reserve for post-closure costs as of December 31, 2019 and 2018 was \$182,938.07 and \$182,481.33. These monies are placed in a trust fund that may not be expended without the approval of the New Jersey Department of Environmental Protection. The estimates of the required amounts are based on investment and inflation assumption factors developed by the Department of Environmental Protection. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure and post closure cost as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with closure are not known. The plan is required to be modified and updated, if necessary, every two years; however the Township is currently not in compliance with this requirement.

On February 17, 2011, the Township Committee adopted Resolution 2011-24 declaring the site of landfill and surrounding area to be an area in need of redevelopment pursuant to the Local Redevelopment and Housing Law and designating this area as the Landfill Redevelopment Area; which received New Jersey Department of Community Affairs' conditional approval on March 3, 2011. The Resolution further directed the Township Engineer to prepare a Redevelopment Plan for the Landfill Redevelopment Area.

In resolution 2012-109, adopted August 16, 2012, the Township indicated it was in negotiations to redevelop the landfill property as a solar energy power production facility.

Note 12: CAPITAL DEBT

The following schedule represents the Township's summary of debt for the current and two previous years:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 891,550.00	\$ 1,097,700.00	\$ 911,500.00
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	_____	_____	285,000.00
Total Issued and Authorized but not Issued	<u>891,550.00</u>	<u>1,097,700.00</u>	<u>1,196,500.00</u>
<u>Deductions</u>			
General:			
Funds Temporarily Held To Pay Debt	-	-	-
Net Debt	<u>\$ 891,550.00</u>	<u>\$ 1,097,700.00</u>	<u>\$ 1,196,500.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .376%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 465,000.00	\$ 465,000.00	
General	891,550.00	_____	\$ 891,550.00
	<u>\$ 1,356,550.00</u>	<u>\$ 465,000.00</u>	<u>\$ 891,550.00</u>

Net debt \$891,550.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$236,997,771.00, equals .376%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 8,294,921.99
Less: Net Debt	891,550.00
Remaining Borrowing Power	<u>\$ 7,403,371.99</u>

Note 13: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance – regulatory basis of the current fund:

<u>Description</u>	<u>Balance December 31, 2019</u>	<u>2020 Budget Appropriation</u>
Emergency Appropriation	\$ 10,000.00	\$ 10,000.00

The appropriation in the 2020 Budget as adopted is not less than that required by the statutes.

Note 14: SCHOOL TAXES

The Township of Commercial School District tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<u>Balance December 31,</u>	
	<u>2019</u>	<u>2018</u>
Balance of Tax	\$ 1,062,985.00	\$ 1,035,663.50
Deferred	<u>794,919.00</u>	<u>794,919.00</u>
Taxes Payable	<u>\$ 268,066.00</u>	<u>\$ 240,744.50</u>

Note 15: 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.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees 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 trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 2,000.00	\$ 1,888.10	\$ 81.72	\$ 16,195.97	\$ 32,539.49
2018	2,100.00	1,870.30	100.46	3,620.13	44,765.64
2017	1,500.00	1,659.40	106.07	1,568.01	44,315.01

Note 15: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Township of Commercial is a member of the Atlantic County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
 General Liability including Police Professional and Employee Benefit Liability
 Automobile Liability
 Blanket Crime including Public Employee Dishonesty
 Property Including Boiler and Machinery
 Public Officials and Employment Practices Liability
 Volunteer Directors and Officers Liability
 Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
 Excess General Liability
 Non-Owned Aircraft Liability
 Excess Auto Liability
 Fidelity and Performance (Blanket)
 Excess Property including Boiler and Machinery
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Atlantic County Municipal Joint Insurance Fund
 6000 Sagemore Drive Suite 6203
 P.O. Box 489
 Marlton, New Jersey 08053

Note 16: CONTINGENCIES

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

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.

Note 17: CONCENTRATIONS

The Township depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 18: SUBSEQUENT EVENTS

As of July 1, 2020 the Township of Commercial dissolved the Commercial Township Municipal Court and officially joined the Cumberland-Salem Regional Municipal Court in Upper Deerfield Township.

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2020.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Current Cash - Chief Financial Officer
For the Year Ended December 31, 2019

Balance December 31, 2018		\$	2,424,143.20
Increased by Receipts:			
Tax Collector	\$	6,815,853.50	
Township Clerk		53,573.43	
Due from State - Senior Citizens & Veterans Deductions		63,164.46	
Federal, State and Other Grant Fund		833,882.52	
Animal Control Trust Fund		2,078.00	
Revenue Accounts Receivable		950,552.89	
Miscellaneous Revenue Not Anticipated		12,226.40	
Uniform Construction Code Fees -Due to State of New Jersey		1,859.00	
Homestead Rebate		<u>91,297.38</u>	
			<u>8,824,487.58</u>
			11,248,630.78
Decreased by Disbursements:			
2018 Appropriation Reserves		122,811.84	
2019 Appropriations		2,448,145.05	
County Taxes		2,658,130.98	
Due County for Added and Omitted Taxes		4,047.32	
Local School District Taxes		2,098,648.50	
Fire District Taxes		870,372.00	
Refund Tax Overpayments		10,297.51	
Uniform Construction Code Fees -Due to State of New Jersey		2,035.00	
Federal, State and Other Grant Fund		534,961.09	
Trust Other Fund		1,466.62	
General Capital Fund		<u>38,676.64</u>	
			<u>8,789,592.55</u>
Balance December 31, 2019		\$	<u><u>2,459,038.23</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Current Cash - Collector
For the Year Ended December 31, 2019

Balance December 31, 2018		\$	97,367.22
Increased by Receipts:			
Taxes Receivable	\$ 6,616,328.90		
Tax Title Liens	99,768.56		
Prepaid Taxes	118,993.52		
Tax Overpayments	14,678.92		
Revenue Accounts Receivable:			
Interest and Costs on Taxes	\$ 62,609.01		
Interest on Investments	<u>1,095.22</u>		
	63,704.23		
Miscellaneous Revenue Not Anticipated	<u>124.00</u>		
			<u>6,913,598.13</u>
			7,010,965.35
Decreased by Disbursements:			
Payment to Treasurer			<u>6,815,853.50</u>
Balance December 31, 2019		\$	<u><u>195,111.85</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Current Cash - Township Clerk
For the Year Ended December 31, 2019

Balance December 31, 2018		\$	161.83
Increased by Receipts:			
Revenue Accounts Receivable			
Interest Earned	\$	7.61	
Alcoholic Beverage License Fee		2,150.00	
Salt Mining Annual Fee		49,312.00	
		\$	51,469.61
Due to State of New Jersey - Marriage License Fees			425.00
Due to Federal, State and Other Grant Fund - Oyster Grant			1,040.00
Election Reimbursements (Contra)			6,292.87
Clerk - Miscellaneous Revenue Not Anticipated			7,768.15
Property Acquired for Taxes:			
Land Sale - Miscellaneous Revenue Not Anticipated			600.00
			67,595.63
			67,757.46
Decreased by Disbursements:			
Payment to Treasurer			53,573.43
Payment to State of New Jersey - Marriage License Fees			525.00
Election Costs (Contra)			6,292.87
			60,391.30
Balance December 31, 2019		\$	7,366.16
<u>Analysis of Balance, December 31, 2019</u>			
Due to Treasurer's Account		\$	7,316.10
Marriage License Fees			50.00
			7,366.10
		\$	7,366.10

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2019

Year	Balance		Added Taxes	Collections		Canceled	Transfer to Arrears	Transferred to Tax Title Liens	Balance Dec. 31, 2019
	Dec. 31, 2018	2019 Levy		2018	2019				
Arrears	\$ 29,641.20	\$	\$ 4,657.68	\$	\$ 1,962.14	\$	\$ 2,257.42	\$	\$ 34,594.16
2013	662.16								662.16
2014	2,653.04								2,653.04
2015	2,819.81							49.05	2,770.76
2016	2,926.70							187.11	2,739.59
2017	7,501.62				750.30			500.99	6,250.33
2018	<u>403,830.32</u>		<u>5,500.00</u>		<u>270,234.57</u>		<u>(1,593.02)</u>	<u>123,147.92</u>	<u>14,354.81</u>
	450,034.85	-	10,157.68	-	272,947.01	-	664.40	123,885.07	64,024.85
2019		<u>7,255,435.18</u>	<u>-</u>	<u>108,835.07</u>	<u>6,501,679.27</u>	<u>92,036.14</u>	<u>(664.40)</u>	<u>237,595.46</u>	<u>314,624.84</u>
	<u>\$ 450,034.85</u>	<u>\$ 7,255,435.18</u>	<u>\$ 10,157.68</u>	<u>\$ 108,835.07</u>	<u>\$ 6,774,626.28</u>	<u>\$ 92,036.14</u>	<u>\$ -</u>	<u>\$ 361,480.53</u>	<u>\$ 378,649.69</u>
	Taxes Receivable				\$ 6,616,328.90				
	Homestead Rebate				91,297.38				
	Senior Citizens and Veterans				<u>67,000.00</u>				
					<u>\$ 6,774,626.28</u>				
<u>Analysis of 2019 Property Tax Levy</u>									
<u>Tax Yield:</u>									
	General Property Tax				\$ 7,244,658.27				
	Added Taxes (54:4-63.1 et. seq.)				<u>10,776.91</u>				
							<u>\$ 7,255,435.18</u>		
<u>Tax Levy:</u>									
	Local School District Tax (Abstract)				\$ 2,119,659.00				
<u>County Taxes:</u>									
	County Tax (Abstract)				\$ 2,518,140.59				
	County Library Tax (Abstract)				117,591.29				
	County Open Space Tax (Abstract)				22,399.10				
	Due County for Added Taxes				<u>4,010.79</u>				
						2,662,141.77			
<u>Fire Districts Taxes:</u>									
	Fire District No. 1				224,820.00				
	Fire District No. 2				204,819.00				
	Fire District No. 3				<u>440,733.00</u>				
						870,372.00			
	Local Tax for Municipal Purposes				1,585,178.36				
	Add: Additional Tax Levied - Added Taxes				6,766.12				
	Add: Additional Tax Levied by Rounding of Tax Rate				<u>11,317.93</u>				
						<u>1,603,262.41</u>			
							<u>\$ 7,255,435.18</u>		

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 588,576.07
Increased by:		
Transfers from Taxes Receivable	\$ 361,480.53	
Interest and Costs at Tax Sale	<u>7,003.42</u>	
		<u>368,483.95</u>
		957,060.02
Decreased by:		
Collections	99,768.56	
Canceled	100.77	
Transferred to Property Acquired for Taxes	<u>28,690.30</u>	
		<u>128,559.63</u>
Balance December 31, 2019		<u>\$ 828,500.39</u>

Exhibit SA-6

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Property Acquired for Taxes (At Assessed Valuation)
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 1,706,700.00
Increased by:		
Transferred from Tax Title Lien	\$ 28,690.30	
Adjustment to Assessed Valuation	<u>223,709.70</u>	
		<u>252,400.00</u>
		1,959,100.00
Decreased by:		
Sales of Property:		
Cash - Township Clerk	600.00	
Loss on Sale	<u>83,700.00</u>	
		<u>84,300.00</u>
Balance December 31, 2019		<u>\$ 1,874,800.00</u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statement of Due From State of New Jersey - Veterans and Senior Citizens Deductions
For the Year Ended December 31, 2019

Balance December 31, 2018		\$	7,856.78
Increased by:			
Deductions per Tax Billing:			
Senior Citizen	\$		36,500.00
Veterans			32,750.00
			69,250.00
Deductions Allowed by Tax Collector - 2019 Taxes			750.00
			70,000.00
Deductions Disallowed by Tax Collector - 2019 Taxes			3,000.00
			67,000.00
			74,856.78
Decreased by:			
Received from State of New Jersey			63,164.46
Deductions Disallowed by Tax Collector - Prior Years			5,500.00
			68,664.46
Balance December 31, 2019		\$	6,192.32
 <u>Analysis of Amount Realized:</u>			
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$		69,250.00
Senior Citizens' and Veterans'			
Deductions Allowed by Tax Collector - 2019 Taxes			750.00
			70,000.00
Less:			
Senior Citizens' and Veterans'			
Deductions Disallowed by Tax Collector - 2019 Taxes			3,000.00
			67,000.00
		\$	67,000.00

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2019

	Balance Dec. 31, 2018	Accrued In 2019	Collected	Balance Dec. 31, 2019
Miscellaneous Revenue Anticipated:				
Fines and Costs:				
Municipal Court	\$ 1,224.27	\$ 42,128.23	\$ 40,271.91	\$ 3,080.59
Interest and Costs on Taxes		62,609.01	62,609.01	
Investment Interest	1.63	7,017.99	7,016.87	2.75
Anticipated General Capital Fund Balance		9,289.06	9,289.06	
Rental Property - New Jersey State Police		102,375.00	102,375.00	
Rental Property - Post Office		42,924.00	42,924.00	
Salt Mining Annual Fee		49,312.00	49,312.00	
Alcohol Beverage License Fee		2,150.00	2,150.00	
Certificate of Occupancy		4,320.00	4,320.00	
Veteran's Park Donations		11,875.00	11,875.00	
Rental Registrations		99,750.00	99,750.00	
Cable Franchise Fees		13,810.11	13,810.11	
Nextel Tower Rental		35,719.41	35,719.41	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		461,213.00	461,213.00	
Garden State Trust		73,093.00	73,093.00	
Uniform Construction Codes Fees		35,111.00	35,111.00	
Payment in Lieu of Taxes		17,000.00	17,000.00	
Miscellaneous Revenue not Anticipated:				
Public Defender Fees				
Zone Applications		6,815.00	6,525.00	290.00
		825.00	825.00	
	<u>\$ 1,225.90</u>	<u>\$ 1,077,336.81</u>	<u>\$ 1,075,189.37</u>	<u>\$ 3,373.34</u>
			\$ 950,552.89	
			63,704.23	
			51,469.61	
			12.18	
			161.40	
			<u>9,289.06</u>	
			<u>\$ 1,075,189.37</u>	

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Deferred Charges
For the Year Ended December 31, 2019

	Created in <u>In 2019</u>	Balance <u>Dec. 31, 2019</u>
Emergency Authorization (N.J.S.A. 40A:4-46)	\$ <u>10,000.00</u>	\$ <u>10,000.00</u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2019

	<u>December 31, 2018</u>		Balance After Transfers	Disbursed	Accounts Payable	Balance Lapsed
	<u>Reserved</u>	<u>Encumbered</u>				
OPERATIONS WITHIN "CAPS":						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration:						
Other Expenses	\$ 4,621.97	\$ 182.33	\$ 4,804.30	\$ 182.33	\$	\$ 4,621.97
Mayor and Committee:						
Salaries and Wages	60.00		60.00			60.00
Other Expenses	1,951.04	1,466.00	3,417.04	1,466.00		1,951.04
Municipal Clerk:						
Salaries and Wages	44.53		44.53			44.53
Other Expenses	8,089.19	511.42	8,600.61	511.42		8,089.19
Financial Administration - Treasury:						
Salaries and Wages	3,672.48		3,672.48			3,672.48
Other Expenses	4,798.31	303.20	5,101.51	303.20		4,798.31
Audit Services:						
Other Expenses	1,264.50		1,264.50			1,264.50
Data Processing Center:						
Other Expenses	7,164.18	500.00	7,664.18			7,664.18
Revenue Administration - Tax Collection:						
Salaries and Wages	7,041.65		7,041.65			7,041.65
Other Expenses	7,006.15	451.72	7,457.87	451.72		7,006.15
Tax Title Lien Manager:						
Other Expenses	40.83	32,421.40	32,462.23	15,795.20	16,626.20	40.83
Tax Assessment Administration:						
Salaries and Wages	531.20		531.20			531.20
Other Expenses	12,411.30	8,319.08	20,730.38	5,033.99		15,696.39
Legal Services:						
Other Expenses	5,312.80	7,731.60	13,044.40	7,731.60		5,312.80
Engineering Services:						
Other Expenses	2,847.00	4,234.74	7,081.74	5,162.00		1,919.74
Municipal Court:						
Salaries and Wages	7,121.05		7,121.05			7,121.05
Other Expenses	2,491.95		2,491.95			2,491.95
Public Defender:						
Salaries and Wages	1,728.50		1,728.50			1,728.50
Municipal Land Use Law (N.J.S.A 40:55D-1):						
Planning Board:						
Salaries and Wages	206.79		206.79			206.79
Other Expenses	3,157.88		3,157.88			3,157.88

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2019

	<u>December 31, 2018</u>		Balance After Transfers	Disbursed	Accounts Payable	Balance Lapsed
	<u>Reserved</u>	<u>Encumbered</u>				
OPERATIONS WITHIN "CAPS": (CONT'D)						
SANITATION:						
Public Buildings and Grounds:						
Salaries and Wages	\$ 4,038.75	\$	\$ 4,038.75	\$		\$ 4,038.75
Other Expenses	26,436.68	18,242.85	34,679.53	17,412.85		17,266.68
Garbage and Trash Removal:						
Other Expenses	558.00		558.00			558.00
Sanitary Landfill:						
Other Expenses:						
Miscellaneous Other Expenses	20,829.66	9,234.33	28,063.99	9,234.33		18,829.66
Sanitary Sluice and Ditch:						
Other Expenses	2,130.00		2,130.00			2,130.00
PUBLIC SAFETY FUNCTIONS:						
Office Of Emergency Management:						
Salaries and Wages	6,701.16	1,223.24	7,924.40	1,223.24		6,701.16
Court Professionals:						
Salaries and Wages	56.84		56.84			56.84
STREETS AND ROADS:						
Road Repairs and Maintenance:						
Salaries and Wages	13,855.45		13,855.45			13,855.45
Other Expenses	16,358.83	16,004.97	52,363.80	39,004.97	2,000.00	11,358.83
HEALTH AND HUMAN SERVICES FUNCTIONS:						
Senior Center:						
Salaries and Wages	720.00		720.00			720.00
Other Expenses	654.64	28.44	683.08	28.44		654.64
Dog Regulation:						
Other Expenses		2,675.10	4,675.10	3,788.28		886.82
Environmental Commission:						
Other Expenses	606.55		606.55			606.55
Community Food Bank:						
Other Expenses	1.58		1.58			1.58
RECREATION AND EDUCATION:						
Parks and Playgrounds:						
Other Expenses	901.87		901.87			901.87
Maintenance of Parks:						
Other Expenses	2,500.00		2,500.00			2,500.00
Library Operations:						
Salaries and Wages	25.00		25.00			25.00
Other Expenses	1,440.75		1,440.75			1,440.75

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2019

	<u>December 31, 2018</u>		Balance After Transfers	Disbursed	Accounts Payable	Balance Lapsed
	<u>Reserved</u>	<u>Encumbered</u>				
<u>OPERATIONS WITHIN "CAPS": (CONT'D)</u>						
OTHER COMMON OPERATING FUNCTIONS:						
Celebration of Public Events:						
Other Expenses	\$ 3,338.00		\$ 3,338.00			\$ 3,338.00
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	11,145.88	3,100.39	14,246.27	3,100.39		11,145.88
Street Lighting	4,061.50	8,590.19	12,651.69	8,590.19		4,061.50
Telephone	6,933.26	105.17	7,038.43	105.17		6,933.26
Natural Gas	1,506.13	2,608.31	4,114.44	2,608.31		1,506.13
Gasoline and Diesel Fuel	11,554.79	439.96	11,994.75	439.96		11,554.79
Insurance:						
Workers Compensation	11,322.20		11,322.20			11,322.20
Group Insurance Plans for Employees	22,401.64		12,401.64			12,401.64
STATE UNIFORM CONSTRUCTION CODE:						
Construction Official:						
Salaries and Wages	4,861.03		4,861.03			4,861.03
Other Expenses	12,249.35	112.20	12,361.55	112.20		12,249.35
Housing Inspector:						
Salaries and Wages	657.97		657.97			657.97
Other Expenses	980.38		980.38			980.38
STATUTORY EXPENDITURES:						
Contribution to:						
Defined Contribution Retirement Program	1,327.19		1,327.19			1,327.19
Social Security System (O.A.S.I.)	1,706.10		1,706.10			1,706.10
<u>OPERATIONS EXCLUDED FROM "CAPS" :</u>						
Recycling Tax	579.37	526.05	1,105.42	526.05		579.37
GRAND TOTAL	<u>\$ 274,003.85</u>	<u>\$ 119,012.69</u>	<u>\$ 393,016.54</u>	<u>\$ 122,811.84</u>	<u>\$ 18,626.20</u>	<u>\$ 251,578.50</u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Prepaid Taxes
 For the Year Ended December 31, 2019

Balance December 31, 2018 (2019) Taxes		\$ 108,835.07
Increased by:		
Collection (2020) Taxes	\$ 118,993.52	
Transfer from Overpayments	<u>4,381.41</u>	
		<u>123,374.93</u>
		232,210.00
Decreased by:		
Application to 2019 Taxes		<u>108,835.07</u>
Balance December 31, 2019 (2020) Taxes		<u><u>\$ 123,374.93</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Tax Overpayments
 For the Year Ended December 31, 2019

Accrued in 2019:		
Cash Received		\$ 14,678.92
Decreased by:		
Refunds	\$ 10,297.51	
Transferred to Prepaid Taxes	<u>4,381.41</u>	
		<u><u>\$ 14,678.92</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of County Taxes Payable
 For the Year Ended December 31, 2019

Accrued in 2019:			
2019 Levy:			
County General	\$	2,518,140.59	
County Health Services Taxes		117,591.29	
County Open Space		<u>22,399.10</u>	
			\$ 2,658,130.98
Decreased by:			
Disbursements			<u><u>\$ 2,658,130.98</u></u>

Exhibit SA-14

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Amount Due to County For Added Taxes
 For the Year Ended December 31, 2019

Balance December 31, 2018	\$	4,047.32
Increased by:		
County Share of Added Taxes		<u>4,010.79</u>
		8,058.11
Decreased by:		
Disbursements		<u>4,047.32</u>
Balance December 31, 2019	\$	<u><u>4,010.79</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Local School District Tax
For the Year Ended December 31, 2019

<hr/>		
Balance December 31, 2018		
School Tax Payable	\$ 240,744.50	
School Tax Deferred	<u>794,919.00</u>	
		\$ 1,035,663.50
Increased by:		
Accrued in 2019:		
Levy-School Fiscal Year (July 1, 2018 to June 30, 2019)	2,119,659.00	
Budget Appropriation - Business Personal Property Tax Appreciation Adjustment	<u>6,311.00</u>	
		<u>2,125,970.00</u>
		3,161,633.50
Decreased by:		
Disbursements		<u>2,098,648.50</u>
Balance December 31, 2019		
School Tax Payable	268,066.00	
School Tax Deferred	<u>794,919.00</u>	
		\$ <u><u>1,062,985.00</u></u>
2019 Liability for Local District School Tax:		
Tax Paid		\$ 2,098,648.50
Tax Payable December 31, 2019		<u>268,066.00</u>
		2,366,714.50
Less: Tax Payable December 31, 2018		<u>240,744.50</u>
Subtotal		2,125,970.00
Less: Business Personal Property Tax Appreciation Adjustment		<u>6,311.00</u>
Amount Charged to 2019 Operation		\$ <u><u>2,119,659.00</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due to Fire Districts
For the Year Ended December 31, 2019

Accrued in 2019:

Levy-Calendar Year:

Fire District No. 1	\$	224,820.00	
Fire District No. 2		204,819.00	
Fire District No. 3		<u>440,733.00</u>	
			\$ 870,372.00

Decreased by:

Disbursements:

Fire District No. 1		224,820.00	
Fire District No. 2		204,819.00	
Fire District No. 3		<u>440,733.00</u>	
			\$ <u><u>870,372.00</u></u>

Exhibit SA-17

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due to State of New Jersey - Marriage License Fees
For the Year Ended December 31, 2019

Balance December 31, 2018	\$	150.00	
Increased by:			
Receipts by Township Clerk		<u>425.00</u>	
			575.00
Decreased by:			
Payments by Township Clerk		<u>525.00</u>	
Balance December 31, 2019			\$ <u><u>50.00</u></u>

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due State of New Jersey
Uniform Construction Code - State Training Fees
For the Year Ended December 31, 2019

Balance December 31, 2018	\$	619.00
Increased by:		
Receipts		1,859.00
		2,478.00
Decreased by:		
Payments		2,035.00
Balance December 31, 2019	\$	443.00

Exhibit SA-19

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Accounts Payable
For the Year Ended December 31, 2019

Balance December 31, 2018	\$	88.00
Increased by:		
Transferred from 2018 Appropriation Reserve		18,626.20
		18,714.20
Decreased by:		
Canceled		88.00
Balance December 31, 2019	\$	18,626.20

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due from/to Federal, State and Other Grant Fund
For the Year Ended December 31, 2019

<hr/>	
Balance December 31, 2018 Due from	\$ 267,652.43
Increased by:	
Expenditures Paid by the Current Fund - Grants Appropriated	<u>534,961.09</u>
	802,613.52
Decreased by:	
Local Match Due from Current Fund - Grants Appropriated	\$ 25,500.00
Cash Received in Current Fund:	
Grants Receivable	\$ 833,882.52
Reimbursements to Grants Appropriated - Clerk's Cash	<u>1,040.00</u>
	<u>834,922.52</u>
	<u>860,422.52</u>
Balance December 31, 2019 (Due to)	\$ <u><u>(57,809.00)</u></u>

TOWNSHIP OF COMMERCIAL
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Federal, State and Other Grants Receivable
For the Year Ended December 31, 2019

<u>Program</u>	<u>Balance Dec. 31, 2018</u>	<u>Accrued</u>	<u>Received in Current Fund</u>	<u>Balance Dec. 31, 2019</u>
Federal Grants:				
Federal Emergency Management Agency				
Bivalve Shore Protection	\$ 40,050.00	\$	\$ 9,075.00	\$ 30,975.00
Total Federal Grants	<u>40,050.00</u>	<u>-</u>	<u>9,075.00</u>	<u>30,975.00</u>
State Grants:				
New Jersey Transportation Trust Fund Authority Act of 1984				
Port Norris Drainage Improvement	425,000.00		311,462.29	113,537.71
Doris, Ferry, and Maurice Roads	11,274.60			11,274.60
Raymond Drive Phase III	181,000.00		160,199.95	20,800.05
Laurel Lake Drainage Phase III	213,044.00		159,783.00	53,261.00
Whittier, Iris, Magnolia		291,164.00	157,200.00	133,964.00
NJDOT Freight Impact Fund		1,500,000.00		1,500,000.00
NJ Department of Environmental Protection				
Bivalve Shore Protection	75,000.00			75,000.00
Municipal Alliance Grant	1,041.34	9,695.00	9,695.00	1,041.34
Recycling Tonnage Grant		5,759.76	5,759.76	
2014 ANJEC Grant - Lake Audrey Project	15.00			15.00
Clean Communities Grant	280.57	18,008.22	18,008.22	280.57
Total State Grants	<u>906,655.51</u>	<u>1,824,626.98</u>	<u>822,108.22</u>	<u>1,909,174.27</u>
Local Grants:				
JIF Wellness Incentive Program	550.00	275.00		825.00
JIF Optional Safety Budget Program	1,500.00	1,500.00	696.58	2,303.42
JIF EPL/Cyber Risk Management Awards		725.00	725.00	
JIF Safety Incentive Program Awards	1,650.00	1,650.00	1,277.72	2,022.28
Total Local Grants	<u>3,700.00</u>	<u>4,150.00</u>	<u>2,699.30</u>	<u>5,150.70</u>
	<u>\$ 950,405.51</u>	<u>\$ 1,828,776.98</u>	<u>\$ 833,882.52</u>	<u>\$ 1,945,299.97</u>

TOWNSHIP OF COMMERCIAL
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Reserve for Federal, State and Other Grants - Unappropriated
For the Year Ended December 31, 2019

<u>Program</u>	<u>Transferred to Grants Receivable</u>	<u>Realized as Revenue</u>
State Grants:		
Municipal Alliance for Alcohol and Drug Abuse	\$ 9,695.00	\$ 9,695.00
JIF Wellness Incentive Program	275.00	275.00
JIF Optional Safety Budget Program	1,500.00	1,500.00
JIF EPL/Cyber Risk Management Awards	725.00	725.00
JIF Safety Incentive Program Awards	1,650.00	1,650.00
NJDOT - Municipal Aid Program - Whittier, Iris, Magnolia	291,164.00	291,164.00
NJDOT - Freight Impact Fund	1,500,000.00	1,500,000.00
Clean Communities Grant	18,008.22	18,008.22
Recycling Tonnage Grant	5,759.76	5,759.76
	<u>\$ 1,828,776.98</u>	<u>\$ 1,828,776.98</u>

TOWNSHIP OF COMMERCIAL
FEDERAL , STATE AND OTHER GRANT FUND
Statement of Reserve For Federal, State and Other Grants - Appropriated
For the Year Ended December 31, 2019

Program	Balance		Transferred from 2019 Budget Appropriation	Disbursed/ Refunded	Encumbered	Balance Dec. 31, 2019
	Reserved	Encumbered				
Federal Grants:						
Department of Housing and Urban Development						
Laurel Lake Small Cities Grant	\$	\$ 746.00	\$	\$	\$	\$ 746.00
Federal Emergency Management Agency						
Bivalve Shore Protection		11,535.00				11,535.00
Dike		23,164.20				23,164.20
Total Federal Grants		34,699.20		-	-	35,445.20
State Grants:						
New Jersey Transportation Trust Fund Authority Act of 1984						
Port Norris Drainage Improvements	400,000.00	25,000.00		425,000.00		
Port Norris Drainage Improvements - Local Match		11,950.00		11,950.00		
Raymond Drive Phase III	19,800.05	6,000.00				25,800.05
Whittier, Iris, Magnolia			291,164.00	18,000.00	263,571.00	9,593.00
Whittier, Iris, Magnolia - Match			23,000.00	23,000.00		
Freight Impact Fund			1,500,000.00			1,500,000.00
NJ Department of Environmental Protection						
Bivalve Shore Protection	75,000.00					75,000.00
Bivalve Shore Protection Match	18,750.00					18,750.00
Clean Communities Act	11,036.43		18,008.22	20,006.29		9,038.36
Oyster Grant	48,413.00			13,960.00		34,453.00
ANJEC Grant	15.00					15.00
Recycling Tonnage Grant	19,568.29		5,759.76	3,061.76		22,266.29
Alcohol Education and Rehabilitation	3,199.00			383.57		2,815.43
Municipal Drug Alliance	5,566.42		9,695.00	13,563.83		1,697.59
Municipal Drug Alliance - Grant Match			2,500.00	2,500.00		
Total State Grants	601,348.19	42,950.00	1,850,126.98	531,425.45	263,571.00	1,699,428.72

(Continued)

TOWNSHIP OF COMMERCIAL
FEDERAL , STATE AND OTHER GRANT FUND
Statement of Reserve For Federal, State and Other Grants - Appropriated
For the Year Ended December 31, 2019

Program	Balance		Transferred from 2019 Budget Appropriation	Disbursed/ Refunded	Encumbered	Balance Dec. 31, 2019
	Reserved	Encumbered				
Local Grants:						
JIF Safety Awards Program	\$ 1,363.03	\$ 90.64	\$ 1,650.00	\$ 90.64	\$	\$ 3,013.03
JIF EPL/Cyber Risk Management Awards			725.00	725.00		
Petsmart Charities Grant	202.60			180.00		22.60
JIF Wellness Incentive Program	550.00		275.00			825.00
JIF Optional Safety Budget Program	0.42	803.00	1,500.00	1,500.00		803.42
Total Local Grants	2,116.05	893.64	4,150.00	2,495.64	-	4,664.05
	<u>\$ 638,163.44</u>	<u>\$ 44,589.64</u>	<u>\$ 1,854,276.98</u>	<u>\$ 533,921.09</u>	<u>\$ 263,571.00</u>	<u>\$ 1,739,537.97</u>
Realized as Revenue in Budget			\$ 1,828,776.98	\$		
Local Match - Due from Current Fund			25,500.00			
Refunds Received in Current Fund				(1,040.00)		
Expenditures by Current Fund				534,961.09		
			<u>\$ 1,854,276.98</u>	<u>\$ 533,921.09</u>		

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF COMMERCIAL
TRUST FUND
Statement of Trust Cash - Chief Financial Officer
For the Year Ended December 31, 2019

	Animal Control		Trust Other
Balance December 31, 2018	\$ 4,685.78		\$ 357,478.17
Increased by Receipts:			
Animal Control Fees	\$ 1,708.00		
Due to State of New Jersey - Animal Control Current Fund	721.80 382.18		\$ 88.40
Fish and Game - Due State/Agent			5,530.21
Miscellaneous Trust Reserves:			
Unemployment		\$ 1,969.82	
Sanitary Landfill Closure:			
Post Closure Landfill Escrow		381.88	
DEP Closure Escrow Account		74.86	
Recreational Donations		900.00	
Reserve for Veterans' Park		10,544.45	
Planning Board Escrow		2,783.40	
Accumulated Absences		10,213.43	
Net Payroll		581,374.29	
Payroll Taxes Payable		440,975.55	
	2,811.98		1,049,217.68
	7,497.76		1,412,314.46
Decreased by Disbursements:			
Expenditures Under N.J.S.A. 4:19-15-1	44.00		
Due to State of New Jersey - Animal Control Current Fund	721.80 2,078.00		
Fish and Game - Due State/Agent			5,347.75
Miscellaneous Trust Reserves:			
Unemployment		14,729.35	
Recreational Donations		400.00	
Veteran's Park		11,875.00	
Planning Board Escrow		4,035.34	
Net Payroll		581,374.29	
Payroll Taxes Payable		440,998.62	
	2,843.80		1,053,412.60
Balance December 31, 2019	\$ 4,653.96		\$ 353,554.11

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Trust Other Fund
 Statement of Trust Cash - Tax Collector
 For the Year Ended December 31, 2019

Balance December 31, 2018		\$	14,974.25
Increased by Receipts:			
Interest Earned -- Due to Current Fund	\$	73.00	
Miscellaneous Trust Reserves and Liabilities:			
Tax Sale Certificates		244,635.90	
Tax Sale Premiums		<u>8,200.00</u>	
			<u>252,908.90</u>
			267,883.15
Decreased by Disbursements:			
Miscellaneous Trust Reserves and Liabilities:			
Tax Sale Certificates		239,204.89	
Tax Sale Premiums		<u>12,500.00</u>	
Tax Sale Certificates			<u>251,704.89</u>
Balance December 31, 2019		\$	<u><u>16,178.26</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Animal Control Fund
 Statement of Due to Current Fund
 For the Year Ended December 31, 2019

Balance December 31, 2018		\$	375.78
Increased by:			
Receipts:			
Interest Earned	\$	12.18	
Cat License Fees Collected		<u>370.00</u>	
		\$	382.18
Statutory Excess Animal Control Fund Reserve			<u>2,104.70</u>
			<u>2,486.88</u>
			2,862.66
Decreased by:			
Disbursements			<u>2,078.00</u>
Balance December 31, 2019		\$	<u><u>784.66</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Animal Control Fund
 Statement of Due to State of New Jersey - Department of Health
 For the Year Ended December 31, 2019

Receipts			
2019 State License Fees		\$	721.80
Decreased by:			
Disbursements to the State		\$	<u><u>721.80</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Animal Control Fund
 Statement of Reserve for Animal Control Fund Expenditures
 For the Year Ended December 31, 2019

Balance December 31, 2018		\$	4,310.00
Increased by:			
Dog License Fees Collected			1,708.00
			6,018.00
Decreased by:			
Expenditures Under N.J.S.A. 4:19-15.1	\$	44.00	
Statutory Excess Due to Current Fund			2,104.70
			2,148.70
Balance December 31, 2019		\$	3,869.30

License Fees Collected	
Year	Amount
2017	\$ 2,030.80
2018	1,838.50
	\$ 3,869.30

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Trust Other Fund
 Statement of Due from Current Fund
 For the Year Ended December 31, 2019

Balance December 31, 2018		\$	5,850.60
Increased by:			
Miscellaneous Trust Reserves:			
2019 Budget Appropriation:			
Reserve for Unemployment Insurance	\$	2,000.00	
Reserve for Storm Recovery		<u>8,000.00</u>	
			<u>10,000.00</u>
			15,850.60
Decreased by:			
Amounts Disbursed in Current Fund:			
Unemployment Insurance		1,466.62	
Interest Collected in Payroll Account by Treasurer	\$	88.40	
Interest Collected by Tax Collector		<u>73.00</u>	
			<u>161.40</u>
			<u>1,628.02</u>
Balance December 31, 2019		\$	<u><u>14,222.58</u></u>
 <u>Analysis of Balance December 31, 2019</u>			
Storm Recovery Trust		\$	13,500.00
Payroll			(355.85)
Unemployment Trust Fund			1,413.11
Tax Title Lien/Tax Sale Premium Account			<u>(334.68)</u>
		\$	<u><u>14,222.58</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
Trust Other Fund
Statement of Due to State/Agent
For the Year Ended December 31, 2019

Balance December 31, 2018		\$	1,429.82
Increased by:			
Interest Earned	\$		2.46
Fish and Game License Fees Collected			<u>5,527.75</u>
			<u>5,530.21</u>
			6,960.03
Decreased by:			
Paid to State of New Jersey			<u>5,347.75</u>
Balance December 31, 2019		\$	<u><u>1,612.28</u></u>
<u>Analysis of Balance December 31, 2019</u>			
Due to the State of New Jersey		\$	578.75
Due to Agent			1,027.00
Unallocated			<u>6.53</u>
		\$	<u><u>1,612.28</u></u>

TOWNSHIP OF COMMERCIAL
TRUST FUND
Trust Other Fund
Statement of Miscellaneous Trust Reserves and Liabilities
For the Year Ended December 31, 2019

	Balance Dec. 31, 2018	Receipts Fees, Refunds and Donations			Disbursements			Balance Dec. 31, 2019
		Treasurer	Collector	Due from Current Fund	Treasurer	Collector	Disbursed in Current Fund	
Deposits for Redemption of Tax Sale Certificates	\$ 512.57	\$	\$ 244,635.90	\$	\$	\$ 239,204.89	\$	\$ 5,943.58
Reserve for Tax Sale Premiums	14,200.00		8,200.00			12,500.00		9,900.00
Reserve for Unemployment	44,765.64	1,969.82		2,000.00	14,729.35		1,466.62	32,539.49
Reserve for Sanitary Landfill Closure:								
Post Closure Landfill Escrow	152,575.56	381.88						152,957.44
DEP Closure Escrow Account	29,905.77	74.86						29,980.63
Recreational Donations	10,719.84	900.00			400.00			11,219.84
Reserve for Veterans' Park	15,700.91	10,544.45			11,875.00			14,370.36
Reserve for Planning Board Escrow	15,132.22	2,783.40			4,035.34			13,880.28
Reserve for Accumulated Absences	84,643.57	10,213.43						94,857.00
Reserve for Storm Recovery	5,500.00			8,000.00				13,500.00
Net Payroll		581,374.29			581,374.29			
Payroll Taxes Payable	3,217.12	440,975.55			440,998.62			3,194.05
	<u>\$ 376,873.20</u>	<u>\$ 1,049,217.68</u>	<u>\$ 252,835.90</u>	<u>\$ 10,000.00</u>	<u>\$ 1,053,412.60</u>	<u>\$ 251,704.89</u>	<u>\$ 1,466.62</u>	<u>\$ 382,342.67</u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2019

	Balance	Transfers		Balance
	Dec. 31, 2018	From	To	Dec. 31, 2019
Fund Balance	\$ 9,289.06	\$ 9,289.06	\$	\$
Capital Improvement Fund	86,110.69		5,000.00	91,110.69
Reserve for Encumbrances	67,363.61	67,363.61	29,184.08	29,184.08
Reserve for Buildings and Grounds	56,933.00			56,933.00
Reserve for Equipment Replacement			34,500.00	34,500.00
Reserve for Road Improvements		15,283.05	20,000.00	4,716.95
Due from Current Fund	(295,080.25)	25,000.00	47,965.70	(272,114.55)
Improvement Authorizations:				
<u>Ordinance</u>				
<u>Date</u>				
04-455	Various General Improvements	4,010.00		4,010.00
07-479 / 11-524	Purchase of Building Generator, Engineering Fees, Purchase of 2 YD Dump Truck & Road Repairs	4,612.87		4,612.87
13-544	Library Renovations	396.00		396.00
16-577	Acquisition of A Side-Arm Tractor	5,782.03	1,579.16	4,202.87
16-578	Installation of Street Lighting in Haleyville			
17-581 / 17-582	Various Repairs to Buildings and Grounds	1,085.00		1,085.00
17-583	Funding of an Emergency Appropriation for Road and and Drainage Repairs	6,739.75	9,538.21	21,415.85
18-587	Construction of Veterans Memorial Park	33,758.24	13,393.79	2,381.25
18-590	Purchase of A Vehicle		7,382.00	7,382.00
18-591	Laurel Lake Drainage Phase III Supplemental		1,684.08	1,684.08
18-593	Laurel Lake Drainage Phase III Supplemental	19,000.00	19,000.00	
		\$ -	\$ 169,512.96	\$ 169,512.96
		\$ -	\$ 169,512.96	\$ -

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2019

Balance December 31, 2018		\$ 295,080.25
Increased by:		
2019 Budget Appropriation:		
Capital Improvement Fund	\$ 5,000.00	
Reserve for Road Improvements	<u>20,000.00</u>	
		<u>25,000.00</u>
		320,080.25
Decreased by:		
Amounts Disbursed in Current Fund:		
Reserve for Road Improvement Expenditures	\$ 6,783.05	
Improvement Authorizations Expenditures	<u>31,893.59</u>	
		38,676.64
Capital Fund Balance Realized as Current Fund Revenue		<u>9,289.06</u>
		<u>47,965.70</u>
Balance December 31, 2019		<u><u>\$ 272,114.55</u></u>

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation - Unfunded
 For the Year Ended December 31, 2019

Ordinance No.	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Notes Funded by Budget Appropriation	Balance Dec. 31, 2019	Analysis of Balance Dec. 31, 2019		
						Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
08-495	Various Capital Improvements	\$ 32,500.00	\$	\$ 32,500.00	\$	\$	\$	\$
11-520	Various General Improvements	202,000.00		50,000.00	152,000.00	152,000.00		
07-479/11-524	Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs	98,500.00		20,000.00	78,500.00	78,500.00		
07-483/11-525	Road and Drainage Improvements	103,500.00		21,000.00	82,500.00	82,500.00		
15-566	Acquisition and Renovation of Certain Property	91,200.00		11,400.00	79,800.00	79,800.00		
16-577	Acquisition of A Side-Arm Tractor	91,200.00		11,400.00	79,800.00	79,800.00		
16-578	Installation of Street Lighting in Haleyville	98,800.00		12,350.00	86,450.00	86,450.00		
17-583	Funding of an Emergency Appropriation for Road and Drainage Repairs	285,000.00		35,625.00	249,375.00	249,375.00		
18-587	Construction of Veterans Memorial Park	95,000.00		11,875.00	83,125.00	83,125.00		
		<u>\$ 1,097,700.00</u>	<u>\$ -</u>	<u>\$ 206,150.00</u>	<u>\$ 891,550.00</u>	<u>\$ 891,550.00</u>	<u>\$ -</u>	<u>\$ -</u>
	Improvement Authorizations - Unfunded							\$ 50,178.83
	Less:							
	Unexpended Balance of Notes:							
07-479/11-524	Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs						\$ 4,612.87	
16-577	Acquisition of A Side-Arm Tractor						4,202.87	
17-583	Funding of an Emergency Appropriation for Road and Drainage Repairs						18,617.39	
18-587	Construction of Veterans Memorial Park						<u>22,745.70</u>	
								<u>\$ 50,178.83</u>

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2019

Improvement Description	Ord. No.	Ordinance		Dec. 31, 2018			Paid or Charged	Dec. 31, 2019	
		Date	Amount	Funded	Unfunded	Encumbrances		Funded	Unfunded
Various General Improvements	04-455	5/23/02	\$ 151,000.00	\$	\$	\$	\$	\$	\$
		3/18/04	600,000.00	4,010.00				4,010.00	
Purchase of a Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs	07-479 / 11-524	4/19/07	150,000.00		4,612.87				4,612.87
Library Renovations	13-544	6/20/13	18,768.97	396.00				396.00	
Acquisition of A Side-Arm Tractor	16-577	6/16/16	120,000.00		5,782.03		1,579.16		4,202.87
Various Repairs to Buildings and Grounds	17-581 / 17-582	8/17/17 10/19/17	15,400.00	1,085.00				1,085.00	
Funding of an Emergency Appropriation for Road and Drainage Repairs	17-583	10/19/17	300,000.00		6,739.75	21,415.85	9,538.21		18,617.39
Construction of Veterans Memorial Park	18-587	2/15/18	100,000.00		33,758.24	2,381.25	13,393.79		22,745.70
Purchase of A Vehicle	18-590	6/21/18	7,382.43			7,382.43	7,382.43		
Laurel Lake Drainage Phase III Supplemental	18-591	7/19/18	13,226.55			1,684.08	1,684.08		
Laurel Lake Drainage Phase III Supplemental	18-593	10/18/18	19,000.00	19,000.00			19,000.00		
				<u>\$ 24,491.00</u>	<u>\$ 50,892.89</u>	<u>\$ 32,863.61</u>	<u>\$ 52,577.67</u>	<u>\$ 5,491.00</u>	<u>\$ 50,178.83</u>
							Transferred to Reserve for Encumbrances	\$ 20,684.08	
							Paid by Current Fund:		
							Expenditures	<u>31,893.59</u>	
								<u>\$ 52,577.67</u>	

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2019

Balance December 31, 2018	\$	86,110.69
Increased by:		
2019 Budget Appropriation--Due from Current Fund		5,000.00
Balance December 31, 2019	\$	91,110.69

Exhibit SC-6

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Reserve for Equipment Replacement
For the Year Ended December 31, 2019

Accrued in 2019:		
Prior Year Encumbrances Canceled	\$	34,500.00

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Reserve for Road Improvements
For the Year Ended December 31, 2019

Accrued in 2019:		
2019 Budget Appropriation--Due from Current Fund	\$	20,000.00
Decreased by:		
Transferred to Reserve for Encumbrance	\$	8,500.00
Expenditures Paid by Current Fund		<u>6,783.05</u>
		<u>15,283.05</u>
Balance December 31, 2019	\$	<u><u>4,716.95</u></u>

Exhibit SC-8

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2019

Balance December 31, 2018	\$	67,363.61
Increased by:		
Transferred from Improvement Authorization	\$	20,684.08
Transferred from Reserve for Road Improvements		<u>8,500.00</u>
		<u>29,184.08</u>
		96,547.69
Decreased by:		
Canceled to Reserve for Equipment Replacement		34,500.00
Transferred to Improvement Authorization		<u>32,863.61</u>
		<u>67,363.61</u>
Balance December 31, 2019	\$	<u><u>29,184.08</u></u>

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Bond Anticipation Notes
For the Year Ended December 31, 2019

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
08-495	Various Capital Improvements	04/17/08	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	\$ 32,500.00	\$	\$ 32,500.00	\$
11-520	Various Capital Improvements	08/17/11	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	202,000.00	152,000.00	202,000.00	152,000.00
07-479/11-524	Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs	08/17/12	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	98,500.00	78,500.00	98,500.00	78,500.00
07-483/11-525	Road and Drainage Improvements	08/17/12	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	103,500.00	82,500.00	103,500.00	82,500.00
15-566	Acquisition and Renovation of Certain Property	05/02/16	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	91,200.00	79,800.00	91,200.00	79,800.00
16-577	Acquisition of A Side-Arm Tractor	04/27/17	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	91,200.00	79,800.00	91,200.00	79,800.00
16-578	Installation of Street Lighting in Haleyville	04/27/17	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	98,800.00	86,450.00	98,800.00	86,450.00
17-583	Funding of an Emergency Appropriation for Road and Drainage Repairs	04/26/18	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	285,000.00	249,375.00	285,000.00	249,375.00
18-587	Construction of Veterans Memorial Park	04/26/18	04/26/18 04/25/19	04/26/19 04/24/20	2.229% 2.500%	95,000.00	83,125.00	95,000.00	83,125.00
						<u>\$ 1,097,700.00</u>	<u>\$ 891,550.00</u>	<u>\$ 1,097,700.00</u>	<u>\$ 891,550.00</u>
Paid by Budget Appropriation Rollover							\$ 206,150.00	\$ 891,550.00	
							<u>\$ 891,550.00</u>	<u>\$ 1,097,700.00</u>	

PART II
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

TOWNSHIP OF COMMERCIAL
Schedule of Findings and Recommendations
For the Year Ended December 31, 2019

Schedule of Financial Statement Findings

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

None.

TOWNSHIP OF COMMERCIAL
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINANCIAL STATEMENT FINDINGS

None.

TOWNSHIP OF COMMERCIAL
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Warren (Mike) Vizzard	Mayor	
Fletcher Jamison	Deputy Mayor	
Ryan O. Broughton Sr.	Committee Member	
Pamela Humphries	Chief Financial Officer/Qualified Purchasing Agent	(*)
Hannah E. Nichols	Township Clerk/Registrar of Vital Statistics	(*)
Heather Sparks	Deputy Clerk/Deputy Registrar of Vital Statistics	(*)
Brian Rosenberger	Tax Assessor	(*)
Leslie A. Kraus	Tax Collector	(*)
Louis J. Palena	Construction Official	(*)
Stephen M. DeSario	Code Enforcement Official	(*)
Heather Whitaker	Construction/Housing Technical Assistant	(*)
Lauren A. Van Embden	Municipal Court Judge	(*)
Maryann Sheppard	Municipal Court Administrator	(*)
Remington & Vernick Engineers	Township Engineer	
Thomas Seeley, Esq.	Township Solicitor	

Designated individuals so marked (*) were covered by \$1,000,000 in total surety bond coverage, including a blanket crime policy of \$50,000 with a \$1,000 deductible through Atlantic County Municipal Joint Insurance Fund and \$950,000 of excess crime coverage through Municipal Excess Liability Joint Insurance Fund.

All of the bonds were examined and were properly executed.

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Carol A. McAllister

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

