

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY**

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2019**

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COUNTY OF MONMOUTH
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COUNTY OF MONMOUTH
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TOWNSHIP OF SHREWSBURY

COUNTY OF MONMOUTH

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

FALLON & COMPANY LLP

Certified Public Accountants

1390 Route 36, Suite 102
Hazlet, New Jersey 07730-1716
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the Township Council
Township of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative balance sheets - regulatory basis of the various funds and the comparative statements of general fixed assets account group of the Township of Shrewsbury, New Jersey ("Township"), as of December 31, 2019 and 2018, and the related comparative statements of operations and change in fund balance for the years then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis for the year ended December 31, 2019, and the related notes to the financial statements.

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 ("Division"), 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 the audit requirements prescribed by the Division. 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division.

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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, or the results of its operations and the changes in fund balance for the years then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and the general fixed asset account group of the Township as of December 31, 2019 and 2018 , and the results of its operations and changes in fund balance of the individual funds for the years then ended and the revenues - regulatory basis and expenditures - regulatory basis of the various funds for the year ended December 31, 2019, in conformity with accounting principles and practices prescribed by the Division as described in Note 1 to the financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that schedule of pension contributions and schedule of net pension liability be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township that collectively comprise the Township's basic financial statements. The accompanying financial information listed as supplementary exhibits in the table of contents are presented for purposes of additional analysis as required by the Division and are not a required part of the financial statements.

The accompanying financial information listed as supplementary exhibits in the table of contents 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary exhibits are fairly stated in all material respects in relation to the 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 June 26, 2020, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Company LLP
FALLON & COMPANY LLP

Hazlet, New Jersey
June 26, 2020

FALLON & COMPANY LLP

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members
of the Township Council
Township of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the financial statements of the Township of Shrewsbury, State of New Jersey ("Township"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 26, 2020. We expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America. As described in Note 1, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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*.

We noted certain matters that we have reported to management of the Township in the Other Comments section of this report.

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 the audit requirements as prescribed by the Division, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Company LLP

FALLON & COMPANY LLP

Hazlet, New Jersey
June 26, 2020

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash	A-4	\$ 965,648.13	\$ 1,230,430.53
Due from State of New Jersey - Chapter 20 P.L. 1971	A-16	<u>250.00</u>	<u> </u>
		<u>965,898.13</u>	<u>1,230,430.53</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	32,062.65	7,549.31
Regional Elementary School Tax Advanced	A-6	67,750.63	75,654.04
Due from Animal Control Trust Fund	A-7		6,613.88
Revenue Accounts Receivable	A-8		<u>107.00</u>
	A	<u>99,813.28</u>	<u>89,924.23</u>
Deferred Charges:			
Special Emergency - Authorization (N.J.S. 40A:4-55)	A-9	<u>8,000.00</u>	<u>12,000.00</u>
		<u>8,000.00</u>	<u>12,000.00</u>
		<u>1,073,711.41</u>	<u>1,332,354.76</u>
Federal and State Grant Fund:			
Due from Current Fund	A-7	147,430.37	149,761.81
Grants Receivable	A-20	<u>1,061.09</u>	<u>1,240.19</u>
		<u>148,491.46</u>	<u>151,002.00</u>
Total Assets		<u><u>\$ 1,222,202.87</u></u>	<u><u>\$ 1,483,356.76</u></u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Appropriation Reserves	A-3/A-11	\$ 84,667.74	\$ 61,070.18
Reserve for Encumbrances	A-12	7,414.61	885.43
Prepaid Taxes	A-13	10,692.02	6,925.62
Regional High School Tax Payable	A-15	10,824.76	2,962.24
Due to State of New Jersey - Chapter 20 P.L. 1971	A-16		2,305.00
Due to State of New Jersey - Marriage License Fees	A-17		300.00
Reserve for Hurricane Sandy	A-19	66,985.39	66,985.39
Tax Overpayments	A-10	265.82	1,485.71
Reserve for Codification	A-18	20,000.00	20,000.00
Due to General Capital Fund	A-7		331,615.54
Due to Trust Fund	A-7	808.92	677.83
Due to Federal and State Grant Fund	A-7	147,430.37	149,761.81
Accounts Payable	A-11	50.00	
		349,139.63	644,974.75
Reserve for Receivables and Other Assets	A	99,813.28	89,924.23
Fund Balance	A-1	624,758.50	597,455.78
		1,073,711.41	1,332,354.76
 Federal and State Grant Fund:			
Appropriated Reserves	A-21	143,609.47	143,001.48
Unappropriated Reserves	A-22	4,881.99	8,000.52
		148,491.46	151,002.00
 Total Liabilities, Reserves and Fund Balance		 \$ 1,222,202.87	 \$ 1,483,356.76

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
 REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 98,000.00	\$ 90,000.00
Miscellaneous Revenue Anticipated	A-2	106,116.85	104,433.20
Non-Budget Revenues	A-2	30,380.02	17,948.82
Receipts from Delinquent Taxes	A-2	32,178.89	3,372.23
Receipts from Current Taxes	A-2	1,535,952.77	1,485,945.83
Other Credits to Income:			
Regional Elementary School Tax Returned	A-6	7,903.41	
Statutory Excess	A-7		3,114.54
Interfunds Returned	A-7	6,613.88	
Unexpended Balance of Appropriation Reserves	A-11	54,948.58	78,915.82
Canceled Due to State - Marriage Licenses	A-17	250.00	4.00
Canceled Encumbrances	A-12		75.00
Senior Citizens/Veteran Adjustment	A-16	2,100.14	
Prior Year Interfunds	A		0.08
		<hr/>	<hr/>
Total Revenue		1,874,444.54	1,783,809.52
		<hr/>	<hr/>
Expenditures:			
Budget Appropriations Within Caps:			
Operations:			
Salaries and Wages	A-3	178,285.00	179,961.00
Other Expenses	A-3	351,665.00	313,259.10
Deferred Charges and Statutory Expenditures	A-3	28,506.00	32,749.00
Budget Appropriations Excluded from Caps:			
Operations:			
Other Expenses	A-3	286,170.52	264,729.50
Capital Improvements	A-3	25,000.00	30,000.00
Municipal Debt Service	A-3	122,580.20	84,595.17
Deferred Charges	A-3	4,000.00	4,000.00
		<hr/>	<hr/>
		996,206.72	909,293.77

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
 REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
County Taxes	A-14	\$ 152,934.53	\$ 158,426.70
Regional School Tax Advanced	A-6		42,638.59
Regional Elementary School Tax	A-6	411,448.00	348,973.00
Regional High School Tax	A-15	188,530.00	206,249.00
Interfunds Advanced	A-7		3,114.54
Prior Year Senior Citizens/Veterans Disallowed	A-16	22.57	
Tax Overpayments	A-10		378.16
Prior Year Tax Overpayment	A-1		375.00
		<hr/>	<hr/>
Total Expenditures		1,749,141.82	1,669,448.76
		<hr/>	<hr/>
Excess in Revenue		125,302.72	114,360.76
		<hr/>	<hr/>
Fund Balance January 1	A	597,455.78	573,095.02
		<hr/>	<hr/>
		722,758.50	687,455.78
Decreased by:			
Utilized as Anticipated Revenue	A-1/A-2	98,000.00	90,000.00
		<hr/>	<hr/>
Fund Balance December 31	A	\$ 624,758.50	\$ 597,455.78
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 98,000.00	\$ 98,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-8	872.00	872.00	
Fees and Permits	A-8	4,750.00	7,417.00	\$ 2,667.00
Fines and Costs:				
Municipal Court	A-8	700.00	1,210.88	510.88
Interest and Costs on Taxes	A-8	1,500.00	2,973.61	1,473.61
Cable TV Franchise Fees	A-8	7,169.19	3,739.84	(3,429.35)
Consolidated Municipal Property Tax Relief Aid	A-8	9,351.00	5,711.00	(3,640.00)
Energy Tax Receipts (P.L. 1997, Chapters 162 & 167)	A-8	76,552.00	80,192.00	3,640.00
Clean Communities Program	A-20	4,000.00	4,000.00	
Recycling Tonnage Grant	A-20	0.52	0.52	
Total Miscellaneous Revenues	A-1	104,894.71	106,116.85	1,222.14

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Receipts from Delinquent Taxes	A-1/A-2	\$ 4,000.00	\$ 32,178.89	\$ 28,178.89
		206,894.71	236,295.74	29,401.03
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	816,316.14	800,009.43	(16,306.71)
		1,023,210.85	1,036,305.17	13,094.32
Non-Budget Revenues	A-1/A-2	30,380.02	30,380.02	30,380.02
Total		<u>\$ 1,023,210.85</u>	<u>\$ 1,066,685.19</u>	<u>\$ 43,474.34</u>
	<u>Ref.</u>	A-3		

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2019

Analysis of Realized Revenues:

Allocation of Current Tax Collections:

Revenue from Collections	A-1/A-5	\$ 1,535,952.77
Allocated to School, County, and Open Space Taxes	A-5	<u>752,912.53</u>
Balance for Support of Municipal Budget Appropriations		783,040.24
Add: Reserve for Uncollected Taxes	A-3	<u>16,969.19</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 800,009.43</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2/A-5	<u><u>\$ 32,178.89</u></u>

Analysis of Non-Budget Revenues:

Marriage Licenses		\$ 12.00
Assessment Searches		10.00
Seniors and Veterans 2% Administrative Fee		55.00
Employee Health Benefit Share		4,443.35
Central Jersey Health Insurance Fund Dividend		19,064.00
Monmouth County Joint Insurance Fund Dividend		2,717.00
Interest on Investments		785.43
Miscellaneous		<u>3,293.24</u>
	A-2/A-4	<u><u>\$ 30,380.02</u></u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within CAPS</u>					
General Government:					
General Administration					
Salaries and Wages	\$ 44,600.00	\$ 44,600.00	\$ 42,745.92	\$ 1,854.08	
Other Expenses	17,500.00	17,500.00	17,213.41	286.59	
Mayor and Council					
Salaries and Wages	8,400.00	8,400.00	8,374.02	25.98	
Other Expenses	4,000.00	4,000.00	1,606.05	2,393.95	
Municipal Clerk					
Salaries and Wages	20,000.00	20,000.00	16,555.33	3,444.67	
Other Expenses	4,500.00	4,500.00	4,113.16	386.84	
Financial Administration					
Salaries and Wages	15,000.00	15,000.00	13,875.00	1,125.00	
Other Expenses	8,500.00	8,500.00	5,738.22	2,761.78	
Audit Services					
Other Expenses	16,500.00	16,500.00	16,500.00		
Tax Collection					
Salaries and Wages	3,600.00	3,600.00	3,570.00	30.00	
Other Expenses	1,500.00	1,500.00	1,073.00	427.00	
Assessment of Taxes					
Salaries and Wages	8,900.00	8,900.00	8,749.00	151.00	
Other Expenses	4,000.00	4,000.00	2,528.25	1,471.75	
Legal Services					
Other Expenses	46,000.00	46,000.00	35,064.67	10,935.33	
Engineering Services					
Other Expenses	17,500.00	5,355.00	2,076.50	3,278.50	

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Budget</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Expended</u> <u>Reserved</u>	<u>Unexpended</u> <u>Balance</u> <u>Canceled</u>
Construction Code					
Code Enforcement					
Salaries and Wages	\$ 3,315.00	\$ 3,315.00	\$ 3,215.82	\$ 99.18	
Housing Inspector					
Salaries and Wages	6,375.00	6,520.00	6,518.44	1.56	
Other Expenses	1,000.00	1,000.00		1,000.00	
Insurance					
General Liability	56,000.00	56,000.00	51,783.00	4,217.00	
Workers' Compensation	14,196.00	14,196.00	14,196.00		
Employee Group Health	16,190.00	16,190.00	16,190.00		
Unemployment Insurance	500.00	500.00		500.00	
Uniform Fire Safety Act (P.L. 1983, Ch. 383)					
Salaries and Wages	750.00	750.00	750.00		
Fire Hydrants					
Other Expenses	4,474.00	4,474.00	3,770.12	703.88	
Office of Emergency Management					
Salaries and Wages	1,000.00	1,000.00	1,000.00		
Other Expenses	500.00	500.00		500.00	
Public Works					
Salaries and Wages	69,000.00	61,000.00	55,377.62	5,622.38	
Other Expenses	40,000.00	40,000.00	32,614.31	7,385.69	
Recycling Program					
Other Expenses	15,000.00	15,000.00	9,634.65	5,365.35	
Sanitation					
Contractual	3,000.00	3,000.00	988.20	2,011.80	
Bulk Container	1,500.00	1,500.00		1,500.00	

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Buildings and Grounds					
Other Expenses	\$ 26,000.00	\$ 46,000.00	\$ 44,269.49	\$ 1,730.51	
Sanitation Landfill	2,000.00	2,000.00		2,000.00	
Health and Human Services					
Public Health Service (Board of Health)					
Salaries and Wages	200.00	200.00	200.00		
Animal Control Services					
Other Expenses	400.00	400.00		400.00	
Recreation and Education					
Recreation Services and Programs					
Salaries and Wages	5,000.00	5,000.00	3,928.98	1,071.02	
Other Expenses	3,000.00	3,000.00	2,576.99	423.01	
Celebration of Public Events					
Other Expenses	1,500.00	1,500.00	244.41	1,255.59	
Senior Citizens					
SCAT Transportation	3,900.00	3,900.00	2,964.00	936.00	
Other Expenses	800.00	800.00	668.65	131.35	
Utility Expenses and Bulk Purchases					
Electricity	13,000.00	13,000.00	3,606.47	4,393.53	\$ 5,000.00
Street Lighting	9,000.00	9,000.00	1,810.44	2,189.56	5,000.00
Telephone	8,000.00	8,000.00	6,259.12	1,740.88	
Water	1,750.00	1,750.00	738.00	1,012.00	
Natural Gas	12,000.00	12,000.00	10,766.07	1,233.93	
	<u>539,850.00</u>	<u>539,850.00</u>	<u>453,853.31</u>	<u>75,996.69</u>	<u>10,000.00</u>
Total Operations Within CAPS					
Contingent	<u>100.00</u>	<u>100.00</u>		<u>100.00</u>	
Total Operations Including Contingent Within CAPS	<u>539,950.00</u>	<u>539,950.00</u>	<u>453,853.31</u>	<u>76,096.69</u>	<u>10,000.00</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Canceled</u>
Detail:					
Salaries and Wages	\$ 186,140.00	\$ 178,285.00	\$ 164,860.13	\$ 13,424.87	
Other Expenses	353,810.00	361,665.00	288,993.18	62,671.82	\$ 10,000.00
<u>Deferred Charges and Statutory Expenditures Within CAPS</u>					
Statutory Expenditures:					
Public Employees' Retirement System	12,156.00	12,156.00	12,156.00		
Social Security System (O.A.S.I.)	16,000.00	16,000.00	14,741.53	1,258.47	
Defined Contribution Retirement Plan	350.00	350.00		350.00	
Deferred Charges and Statutory Expenditures Within CAPS	28,506.00	28,506.00	26,897.53	1,608.47	
Total Appropriations Within CAPS	568,456.00	568,456.00	480,750.84	77,705.16	10,000.00
<u>Operations Excluded from CAPS</u>					
Utility Sewerage Processing and Disposal					
Sewerage Processing and Disposal	245,170.00	245,170.00	245,170.00		
Shared Service Agreements					
911 System - County of Monmouth	3,500.00	3,500.00	3,273.50	226.50	
Animal Control Reserves - Borough of Red Bank	2,000.00	2,000.00	943.92	1,056.08	
Website Services - Shrewsbury Borough	12,500.00	12,500.00	8,820.00	3,680.00	
Fire Department - Shrewsbury Borough					
Other Expenses	10,000.00	10,000.00	10,000.00		
Municipal Court - Borough of Red Bank					
Other Expenses	7,000.00	7,000.00	7,000.00		

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Long Branch First Aid					
Other Expenses	\$ 2,000.00	\$ 2,000.00		\$ 2,000.00	
Public and Private Programs Offset by Revenues:					
Clean Communities Program	4,000.00	4,000.00	\$ 4,000.00		
Recycling Tonnage Grant	0.52	0.52	0.52		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operations - Excluded from CAPS	286,170.52	286,170.52	279,207.94	6,962.58	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Capital Improvements Excluded from CAPS</u>					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Improvements Excluded from CAPS	25,000.00	25,000.00	25,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Municipal Debt Service Excluded from CAPS</u>					
Payment of Bond Principal	70,000.00	70,000.00	70,000.00		
Interest on Bonds	46,795.14	46,795.14	46,793.68		\$ 1.46
Capital Lease Obligations					
MCIA - Principal	5,000.00	5,000.00	5,000.00		
MCIA - Interest	820.00	820.00	786.52		33.48
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Municipal Debt Service Excluded from CAPS	122,615.14	122,615.14	122,580.20		34.94
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Deferred Charges Municipal Excluded from CAPS</u>					
Special Emergency Authorizations					
5 Years - Codification	4,000.00	4,000.00	4,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Charges Municipal Excluded from CAPS	4,000.00	4,000.00	4,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations Excluded from CAPS	\$ 437,785.66	\$ 437,785.66	\$ 430,788.14	\$ 6,962.58	\$ 34.94
Subtotal General Appropriations	1,006,241.66	1,006,241.66	911,538.98	84,667.74	10,034.94
Reserve for Uncollected Taxes	<u>16,969.19</u>	<u>16,969.19</u>	<u>16,969.19</u>		
Total General Appropriations	<u>\$ 1,023,210.85</u>	<u>\$ 1,023,210.85</u>	<u>\$ 928,508.17</u>	<u>\$ 84,667.74</u>	<u>\$ 10,034.94</u>
	<u>Ref.</u> A-2	A-3	A-1/A-3	A	

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-3	\$ 1,023,210.85
		<u>Paid or Charged</u>
Cash Disbursements	A-4	\$ 896,123.85
Reserve for Encumbrances	A-12	7,414.61
Deferred Charges - 5 Year - Codification	A-9	4,000.00
Reserve for Uncollected Taxes	A-2	16,969.19
Appropriated Reserves for Federal and State Grants	A-21	4,000.52
	A-3	\$ 928,508.17

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Animal Control Trust Fund:			
Cash	B-1	\$ 3,948.46	\$ 11,213.48
Due from State	B-3		
		3,948.46	11,213.48
Trust Other Fund:			
Cash	B-1	58,294.88	52,226.05
Due from Current Fund	B-6	808.92	677.83
		59,103.80	52,903.88
Total Assets		\$ 63,052.26	\$ 64,117.36
LIABILITIES AND RESERVES			
Animal Control Trust Fund:			
Reserve for Animal Control	B-2	\$ 3,925.06	\$ 4,573.80
Due to State	B-3	23.40	25.80
Due to Current Fund	B-4		6,613.88
Total Animal Control Fund		3,948.46	11,213.48
Trust Other Fund:			
Various Reserves	B-5	59,103.80	52,903.88
Total Trust Other Fund		59,103.80	52,903.88
Total Liabilities and Reserves		\$ 63,052.26	\$ 64,117.36

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash and Cash Equivalents	C-2	\$ 852,133.54	\$ 615,176.81
Grant Receivable	C-4	499,784.00	159,784.00
Due from Monmouth County Improvement Authority	C-5		8,471.06
Deferred Charges to Future Taxation:			
Funded	C-6	965,000.00	1,035,000.00
Unfunded	C-7	250,994.50	144,494.50
Capital Lease Obligation	C-9	12,000.00	17,000.00
Due from Current Fund	C-13		331,615.54
		<u>\$ 2,579,912.04</u>	<u>\$ 2,311,541.91</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations:			
Funded	C-8	\$ 1,195,227.36	\$ 956,327.87
Unfunded	C-8	250,672.00	144,172.00
Capital Obligations Lease Payable	C-10	12,000.00	17,000.00
Serial Bonds Payable	C-11	965,000.00	1,035,000.00
Capital Improvement Fund	C-12	123,716.83	122,216.83
Reserve for Costs of Issuance	C-14	6,287.86	11,537.86
Reserve for Debt Service	C-15	184.14	184.14
Fund Balance	C-1	26,823.85	25,103.21
		<u>\$ 2,579,912.04</u>	<u>\$ 2,311,541.91</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$250,994.50 (Exhibit C-16)

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 25,103.21
Increased By:		
Reimbursement from MCIA	C-2	<u>1,720.64</u>
Balance, December 31, 2019	C	<u><u>\$ 26,823.85</u></u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS
REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
General Fixed Assets:			
Land	D-1	\$ 550,000.00	\$ 550,000.00
Building	D-1	1,006,870.00	1,006,870.00
Machinery and Equipment	D-1	<u>405,772.25</u>	<u>352,660.00</u>
		<u>\$ 1,962,642.25</u>	<u>\$ 1,909,530.00</u>
 Investments in General Fixed Assets	 D-1	 <u>\$ 1,962,642.25</u>	 <u>\$ 1,909,530.00</u>

The accompanying notes are an integral part of this statement.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This report includes the financial statements of the Township of Shrewsbury (“Township”), within the County of Monmouth, in the State of New Jersey and reflects the activities of the Municipality which is under the control of the Mayor and Township Council. The Township has no component units based on management’s interpretation of Governmental Accounting Standards Board (“GASB”) Standard No. 61.

A. Reporting Entity

The Governmental Accounting Standards Board (“GASB”) has established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division of Local Government Services, Department of Community Affairs, State of New Jersey (“Division”) requires the financial statements of the Township to be reported separately.

The Township is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Council consists of elected officials and is responsible for the fiscal control of the Township.

The financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of other organizations, inasmuch as their activities are administered by separate boards.

B. Basis of Presentation and Basis of Accounting

The financial statements are presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“Division”).

A modified accrual basis of accounting is followed with minor exceptions.

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP.

In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary exhibits. This practice differs from GAAP.

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation and Basis of Accounting (continued)

Fund Accounting - A fund is a self-balancing set of accounts. The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial activities through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America:

Current Fund - records resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - records the receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was established.

General Capital Fund - records the receipt and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired through the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

General Fixed Assets Account Group - utilized to account for land, buildings, machinery, equipment and vehicles that have been acquired by other governmental funds, other than utility funds.

Budgets and Budgetary Accounting - The Township of Shrewsbury must adopt an annual budget in accordance with N.J.S.A. 40A:4-4 et al. 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 circulated in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division, 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.

C. Cash, Cash Equivalents and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash, Cash Equivalents and Investments (continued)

States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The Township of Shrewsbury is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“Act”). The Act was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full 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.

The Township considers highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

D. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The inventories have offsetting reserve amounts. The Township currently has no inventory.

E. Property Taxes and Other Revenues

Property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township’s Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts. Property taxes are payable quarterly on the first day of February, May, August and November.

F. Grant Revenues and Expenditures

Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township’s budget. GAAP requires such revenues to be recognized in the accounting period when they are earned and the expenditures to be recognized when the liability is incurred.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Acquired for Taxes

Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

H. Interfunds

Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Revenue is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

I. Deferred Charges

The regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2019 is set forth in Note 8.

J. Appropriation Reserves

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 additions to income. Appropriation reserves do not exist under GAAP.

K. Expenditures

Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Encumbrances

Contractual orders at December 31 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

M. Compensated Absences

Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

N. Reserve for Sale of Municipal Assets

Cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds would be reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

O. Capital Leases

Capital Leases are not recorded at the lesser of the fair value of the leased property or the present value of the minimum lease payments. GAAP requires an amount equal to the lesser of the fair value of the leased property or the present value of the minimum lease payments to be recorded in General Fixed Assets Account Group and the long-term obligation be recorded as part of a General Long-Term Debt Account Group.

P. 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 asset 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 June 30, 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

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. General Fixed Assets (continued)

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 fund 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 fiscal 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.

Q. Comparative Data

Comparative total data for the various funds for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations and Changes in Fund Balance in order to provide an understanding of changes in the Township’s financial position. However, Comparative Statements of Revenues and Statements of Expenditures have not been presented since this inclusion would make the statements unduly complex and difficult to read.

R. Impact of Recently Issued Accounting Principles

Recently Issued Accounting Pronouncements

In 2018, management adopted Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plan*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

In 2018 management adopted Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 2 CASH

Deposits

As of December 31, 2019, the Township’s deposits had a carrying amount of \$1,880,833.85.

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 (“Act”). Under the Act, the first \$250,000 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 the Act. However, the Act should not be relied on to protect intermingled trust funds, bail funds, withholdings from an employee’s salary or funds that may pass to the municipality upon the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2019, the Township’s bank balances of \$1,883,431.22 were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 250,000.00
Collateralized under GUDPA	1,629,438.80
Uninsured and/or Uncollateralized	<u>3,992.42</u>
Total	<u>\$ 1,883,431.22</u>

NOTE 3 PROPERTY TAXES

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

Comparative Statement of Tax Rates

	2019	2018	2017
<u>Tax Rate</u> (Per \$100 Assessed Valuation)	\$ 2.605	\$ 2.559	\$ 2.862
<u>Apportionment of Tax Rate</u>			
Municipality	1.355	1.336	1.438
County Purposes	0.211	0.226	0.250
County Library	0.015	0.016	0.018
County Health	0.004	0.004	0.005
County Open Space	0.024	0.025	0.015
Regional High School	0.313	0.354	0.475
Regional Elementary	0.683	0.598	0.661
<u>Assessed Valuation</u>	\$ 59,846,700	\$ 57,830,800	\$ 53,874,500

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 3 PROPERTY TAXES (continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$ 1,569,681.11	\$ 1,535,952.77	97.85%
2018	1,492,931.93	1,485,945.83	99.53%
2017	1,553,472.60	1,549,915.12	99.77%

Delinquent Taxes and Tax Title Liens

<u>Year Ended December 31,</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$ -	\$ 32,062.65	\$ 32,062.65	2.04%
2018	-	7,549.31	7,549.31	0.50%
2017	-	3,557.48	3,557.48	0.22%

The following comparison is made of the number of tax title liens receivable on December 31st of the last three (3) years.

<u>Year</u>	<u>Number of Liens</u>
2019	0
2018	0
2017	0

NOTE 4 BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Township of Shrewsbury had bonds and notes authorized but not issued in its General Capital Fund of \$250,994.50 at December 31, 2019.

NOTE 5 LONG-TERM DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The terms of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 5 LONG-TERM DEBT (continued)

fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

Bonds and Loans Payable

Annual debt service for principal and interest over the next five years and five-year increments thereafter for bonded debt issued and outstanding are as follows:

Year	General Capital Fund Bonds Payable		
	Principal	Interest	Total
2020	\$ 70,000.00	\$ 45,062.50	\$ 115,062.50
2021	80,000.00	41,562.50	121,562.50
2022	85,000.00	37,562.50	122,562.50
2023	85,000.00	33,312.50	118,312.50
2024	90,000.00	29,062.50	119,062.50
2025-2029	255,000.00	93,312.50	348,312.50
2030-2034	180,000.00	40,912.50	220,912.50
2035-2038	120,000.00	10,012.50	130,012.50
	\$ 965,000.00	\$ 330,800.00	\$ 1,295,800.00

\$240,000.00, 2015 Pooled Governmental Loan Revenue Bonds due in annual installments ranging from \$10,000.00 to \$20,000.00 through December 2031, interest rates ranging from 3.500% to 5.000% \$ 200,000.00

\$395,000.00, 2016 Pooled Governmental Loan Revenue Bonds due in annual installments ranging from \$45,000.00 to \$55,000.00 through December 2025, interest rate of 5.000% 305,000.00

\$475,000.00, 2018 Pooled Governmental Loan Program Bonds due in annual installments ranging from \$15,000.00 to \$30,000.00 through December 2038, interest rates ranging from 3.125% to 5.000%. 460,000.00

\$ 965,000.00

Capital Lease Program

During 2016 the Township acquired equipment through the Monmouth County Improvement Authority's Equipment Lease Financing Program. The Equipment Lease Financing Program involved the issuance of

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 5 LONG-TERM DEBT (continued)

Capital Lease Program (continued)

Capital Equipment Pooled Lease Revenue Bonds Series 2016 of \$32,000.00 representing the Township's portion. Interest rates range from 4.25% to 5.00%. Debt service requirements for the General Capital Fund are as follows:

Changes in Outstanding Long-Term Debt

Transactions for the year ended December 31, 2019 are summarized as follows:

	Balance December 31, 2018	Additions	Deductions	Balance December 31, 2019
Serial Bonds Payable	\$ 1,035,000.00		\$ 70,000.00	\$ 965,000.00
Capital Lease Obligations	17,000.00		5,000.00	12,000.00
	\$ 1,052,000.00	\$ -	\$ 75,000.00	\$ 977,000.00

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Schedules section of this report.

NOTE 6 SUMMARY OF MUNICIPAL DEBT

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

	Year 2019	Year 2018	Year 2017
<u>Issued</u>			
General	\$ 977,000.00	\$ 1,035,000.00	\$ 610,000.00
Total Issued	977,000.00	1,035,000.00	610,000.00
<u>Authorized but not Issued</u>			
General	250,994.50	144,494.50	144,494.50
Total Authorized but not Issued	250,994.50	144,494.50	144,494.50
Net Bonds, Notes and Loans Issued and Authorized but not Issued	\$ 1,227,994.50	\$ 1,179,494.50	\$ 754,494.50

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 6 SUMMARY OF MUNICIPAL DEBT (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarization statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 2.308%.

	Gross Debt	Deductions	Net Debt
Regional High School Debt	\$ 233,023.68	\$ 233,023.68	-
Regional Elementary School District Debt	512,617.48	512,617.48	-
General Debt	1,215,994.50	184.14	\$ 1,215,810.36
 Total	 \$ 1,961,635.66	 \$ 745,825.30	 \$ 1,215,810.36

New Jersey statutes limit the debt of a municipality to 3.50% of the average of the last three preceding year's equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2019 was 2.308% as calculated below. The Township's remaining borrowing power is 1.192%.

Net Debt of \$1,215,810.36 divided by the Average Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, of \$52,683,106.67 equals 2.308%.

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

3½% of Equalized Valuation Basis	\$ 1,843,908.73
Net Municipal Debt	1,215,810.36
Remaining Borrowing Power	\$ 628,098.37

NOTE 7 DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 8 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 Balance Sheet of the Current Fund:

	Balance December 31, 2019	2020 Budget Appropriation
Current Fund:		
Special Emergency Authorization - 5 Year	\$ 8,000.00	\$ 4,000.00
Total	\$ 8,000.00	\$ 4,000.00

NOTE 9 TAXES COLLECTED IN ADVANCE

Taxes collected in advance and set forth as cash liabilities in the financial statements, are as follows:

	Balance December 31,	
	2019	2018
Prepaid Taxes	\$ 10,692.02	\$ 6,925.62

NOTE 10 ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1st in each year and filed with the County Board of Taxation (“Board”) by January 10th of the following year. Upon the filing of certified adopted budgets by the Township, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 20th, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (“Collector”) on or before June 3rd. Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year’s tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent as of the eleventh day of the eleventh month of the fiscal year, the delinquent amount is subject to “Tax Sale” which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 11 REGIONAL SCHOOL DISTRICT TAXES

Regional Elementary School and Regional High School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 provides that any municipality that levies school taxes on a school year basis may defer from the municipal purposes tax levy 50% (fifty percent) of the levy. The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. At year end taxes due consisted of the following:

	<u>Regional Elementary School Tax Balance December 31,</u>		<u>Regional High School Tax Balance December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Balance of Tax	\$ (67,750.63)	\$ (75,654.04)	\$ 132,039.76	\$ 124,177.24
Deferred	-	-	121,215.00	121,215.00
Taxes Payable			<u>\$ 10,824.76</u>	<u>\$ 2,962.24</u>
Taxes Advanced	<u>\$ 67,750.63</u>	<u>\$ 75,654.04</u>		

NOTE 12 FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and the previous four 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>
2019	\$ 624,758.50	*
2018	597,455.78	98,000.00
2017	573,085.02	90,000.00
2016	331,586.40	74,928.00
2015	301,363.29	48,251.01

* The 2020 budget has not been adopted as of the date of audit.

NOTE 13 PENSION PLANS

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

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

Plan Description (continued)

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

Contributions (continued)

liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Township's contributions to the PERS was \$12,026.00.

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

Net Pension Liability - At December 31, 2019, the Township reported a liability of \$221,344 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Township's proportion measured as of June 30, 2019, was 0.0012284294% which was an increase of 0.0000193894% from its proportion measured as of June 30, 2018.

Pension Expense - At December 31, 2019, the Township's proportionate share of the PERS pension expense, calculate by the plan as of June 30, 2019 measurement date is \$10,262. The expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1.

Deferred Outflows and Deferred Inflows of Resources, and Pension Expense – At December 31, 2019, the state reported deferred outflows of resources and deferred inflows of resources attributable to the Township from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 2,995.00	
Changes in Assumptions	22,102.00	\$ 76,828.00
Net Difference between Projected and Actual Earning on Pension Plan Investments		3,494.00
Changes in Proportion	<u>42,127.00</u>	<u>105,978.00</u>
	<u>\$ 67,224.00</u>	<u>\$ 186,300.00</u>

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

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

Deferred Outflows and Deferred Inflows of Resources, and Pension Expense (continued)

The Township will amortize the above sources of deferred outflows and inflows related to the PERS over the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan with the exception of net differences between projected and actual earnings on pension plan investments which will be amortized over 5 years. The average of the expected remaining service lives of all employees are 6.44, 5.72, 5.57, 5.48, 5.63 and 5.21 for the years 2014, 2015, 2016, 2017, 2018 and 2019, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions that would be recognized in future periods if the Township was on a GAAP basis of accounting, is as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 22,161.00
2021	31,463.00
2022	41,896.00
2023	22,914.00
2024	<u>642.00</u>
	<u>\$ 119,076.00</u>

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

Inflation	2.75%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Years of Service
Thereafter	3.00% - 7.00% Based on Years of Service
 Investment Rate of Return	 7.00%
 Mortality Rate Table	 Pbu-2010 General Below-Median Income Mortality
 Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

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

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>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%
US 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%

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

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

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

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
Township’s proportionate share of the Net Pension Liability	<u>\$ 278,374.00</u>	<u>\$ 221,344.00</u>	<u>\$ 172,261.00</u>

Schedules of Required 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 requirement 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.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

Schedule of the Township's Proportionate Share of the Net Pension Liability (Last 6 Plan Years):

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Township's proportion of the net pension liability	0.0021721889%	0.0012358505%	0.0016965604%	0.0018261144%	0.0012090400%	0.0012284294%
Township's proportionate share of the net pension liability	\$ 298,629.00	\$ 277,424.00	\$ 502,473.00	\$ 425,090.00	\$ 238,053.00	\$ 221,344.00
Township's covered-employee payroll	\$ 118,787.00	\$ 107,365.00	\$ 100,975.00	\$ 84,351.00	\$ 83,395.00	\$ 71,160.00
Township's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.40%	258.39%	497.62%	503.95%	285.45%	311.05%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

Schedule of the Township's Contributions (Last 6 Plan Fiscal Years):

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 13,149.00	\$ 10,625.00	\$ 15,072.00	\$ 16,917.00	\$ 12,026.00	\$ 11,949.00
Contributions in relation to the contractually required contribution	<u>13,149.00</u>	<u>10,625.00</u>	<u>15,072.00</u>	<u>16,917.00</u>	<u>12,026.00</u>	<u>11,949.00</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's covered-employee payroll	118,787.00	107,365.00	100,975.00	84,351.00	83,395.00	71,160.00
Contribution as a percentage of covered-employee payroll	11.07%	9.90%	14.93%	20.06%	14.42%	16.79%

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 13 PENSION PLANS (continued)

Schedules of Required Supplementary Pension Information (continued)

Note to Schedules:

Changes in Benefit Terms:
None.

Changes in Assumptions:

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.

NOTE 14 POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Retiree Health Benefits are not available, except for one grandfathered retiree. The retiree must contribute to the cost of the health insurance premiums. The total amount of employee contributions was \$809.20 for the year ended 2019.

NOTE 15 INTERFUND BALANCES

The composition of interfund balances as of December 31, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Trust Other Fund	Current Fund	808.92
Grant Fund	Current Fund	<u>147,430.37</u>
		<u>\$ 148,239.29</u>

All balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) revenues/receipts are collected, and (3) payments between funds are made.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 16 FIXED ASSETS AND FIXED CAPITAL

Fixed asset and fixed capital activity for the year ended December 31, 2019 was as follows:

	Balance December 31, 2018	Additions	Balance December 31, 2019
Land	\$ 550,000.00		\$ 550,000.00
Buildings	1,006,870.00		1,006,870.00
Machinery, Equipment, and Vehicles	352,660.00	\$ 53,112.25	405,772.25
Total Fixed Assets	\$ 1,909,530.00	\$ 53,112.25	\$ 1,962,642.25

NOTE 17 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission; injuries to employees; and natural disaster. The Township is a member of the Monmouth County Joint Insurance Fund (JIF). This public entity risk pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program. There were no settlements in excess of insurance coverage in 2019, 2018 or 2017.

NOTE 18 CONTINGENT LIABILITIES

A. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserve for unemployment compensation insurance at December 31, 2019 was \$10,611.14.

B. Litigation

The Township is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Township Officials, based upon the opinion of the Township Counsel, presently believe that the outcome of each such proceeding or claim which is pending or known to be threatened, or all of them combined, will not have a material adverse effect on the Township's financial position or adversely affect the Township's ability to levy, collect, and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 18 CONTINGENT LIABILITIES (continued)

C. Federal and State Grants

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

NOTE 19 SUBSEQUENT EVENTS

On March 16, 2020 the governor of the state signed Executive Order 104, implementing aggressive social distancing measures to mitigate the spread of COVID-19 in New Jersey. Among the directives, the order indefinitely closed schools, casinos, racetracks, gyms, movie theaters and performing arts centers as well as all non-essential businesses. The financial effect of the COVID-19 pandemic and executive order 104 is not measurable as of the issuance of this report.

The Township has evaluated subsequent events occurring after December 31, 2019 through the date of June 26, 2020 which is the date the financial statements were available to be issued.

SUPPLEMENTARY EXHIBITS

SUPPLEMENTARY EXHIBITS

CURRENT FUND

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 1,230,430.53
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 30,380.02	
Taxes Receivable	A-5	1,556,720.33	
Interfund - Trust Other Fund	A-7	131.09	
Interfund - Animal Control Trust Fund	A-7	6,613.88	
Grants Receivable	A-7	179.10	
Federal and State Grants Unappropriated Reserves	A-7	881.99	
Revenue Accounts Receivable	A-8	102,116.33	
Tax Overpayments	A-10	905.57	
Prepaid Taxes	A-13	10,692.02	
Due from State of New Jersey for Senior Citizens' and Veterans' Deductions	A-16	2,522.57	
Due to State of New Jersey - Marriage License Fees	A-17	<u>100.00</u>	
			<u>1,711,242.90</u>
			2,941,673.43
Decreased by Disbursements:			
2019 Budget Appropriations	A-3	896,123.85	
2018 Appropriation Reserves	A-11	6,957.03	
County Taxes	A-14	152,934.53	
Regional Elementary School Tax	A-6	403,544.59	
Regional High School Tax	A-15	180,667.48	
Interfund - General Capital Fund	A-7	331,615.54	
Due to State of New Jersey - Marriage License Fees	A-17	150.00	
Tax Overpayments	A-10	639.75	
Federal and State Grants Appropriated	A-7	<u>3,392.53</u>	
			<u>1,976,025.30</u>
Balance, December 31, 2019	A		<u><u>\$ 965,648.13</u></u>

TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	Balance December 31, <u>2018</u>	<u>2019 Levy</u>	<u>Collections</u>		Chapter 20, P.L. 1971 Senior Citizens and Veterans	Tax Overpayments Applied	Canceled, Remitted or Abated	Balance December 31, <u>2019</u>
			<u>2018</u>	<u>2019</u>				
2017	\$ 563.21			\$ 465.18	\$ (22.57)	\$ 118.85	\$ 1.75	
2018	<u>6,986.10</u>	\$ 25,590.00		<u>31,469.86</u>		<u>125.00</u>	<u>981.24</u>	
	7,549.31	25,590.00		31,935.04	(22.57)	243.85	982.99	
2019		<u>1,569,681.11</u>	\$ 6,925.62	<u>1,524,785.29</u>	<u>3,000.00</u>	<u>1,241.86</u>	<u>1,665.69</u>	\$ 32,062.65
	<u>\$ 7,549.31</u>	<u>\$ 1,595,271.11</u>	<u>\$ 6,925.62</u>	<u>\$ 1,556,720.33</u>	<u>\$ 2,977.43</u>	<u>\$ 1,485.71</u>	<u>\$ 2,648.68</u>	<u>\$ 32,062.65</u>
<u>Ref.</u>	A	A-5	A-2/A-13	A-2/A-4	A-16	A-2/A-10		A
<u>Analysis of 2019 Property Tax Levy</u>		Ref.						
Tax Yield:								
General Purpose Tax		A-5			<u>\$ 1,569,681.11</u>			
Tax Levy:								
Regional Elementary School Tax		A-6		\$ 411,448.00				
Regional High School Tax		A-15		188,530.00				
County Taxes:								
General County Tax		A-14	\$ 126,698.45					
County Library Tax		A-14	9,063.39					
County Open Space Tax		A-14	14,621.16					
County Health Tax		A-14	<u>2,551.53</u>					
Total County Taxes				152,934.53				
Tax for Municipal Purposes		A-2	816,316.14					
Add: Additional Taxes Levied			<u>452.44</u>					
				<u>816,768.58</u>				
		A-5			<u>\$ 1,569,681.11</u>			

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL ELEMENTARY SCHOOL TAX ADVANCED

	<u>Ref.</u>	
Balance, December 31, 2018	A	\$ 75,654.04
Increased by:		
Cash Disbursements	A-4	<u>403,544.59</u>
		479,198.63
Decreased by:		
Levy - For School Calendar Year 2019	A-1/A-5	<u>411,448.00</u>
Balance, December 31, 2019	A	<u><u>\$ 67,750.63</u></u>
<u>Analysis of Net Charge/(Credit) to Operations</u>		
Regional School Tax Advanced		
Balance, December 31, 2019	A-6	\$ 67,750.63
Balance, December 31, 2018	A-6	<u>75,654.04</u>
	A-1	<u><u>\$ (7,903.41)</u></u>

TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE)

	<u>Ref.</u>	<u>Total</u>	<u>Animal Control Trust Fund</u>	<u>Trust Other Fund</u>	<u>General Capital Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2018:						
Interfunds Receivable	A	\$ 6,613.88	\$ 6,613.88			
Interfunds Payable	A	<u>(482,055.18)</u>		\$ (677.83)	\$ (331,615.54)	\$ (149,761.81)
Increased By:						
Cash Receipts	A-4	131.09		131.09		
Deposited in Current Fund:						
Grants Receivable	A-4/A-20	179.10				179.10
Grants Unappropriated	A-4/A-22	881.99				881.99
2019 Grants Budget Appropriation	A-21	<u>4,000.52</u>				<u>4,000.52</u>
		<u>5,192.70</u>	<u>-</u>	<u>131.09</u>	<u>-</u>	<u>5,061.61</u>
Decreased By:						
Cash Receipts	A-1/A-4	6,613.88	6,613.88			
Cash Disbursements	A-4	331,615.54			331,615.54	
Disbursed by Current Fund:						
Appropriated Reserves	A-4/A-21	3,392.53				3,392.53
2019 Anticipated Grant Revenue	A-21	<u>4,000.52</u>				<u>4,000.52</u>
		<u>345,622.47</u>	<u>6,613.88</u>	<u>-</u>	<u>331,615.54</u>	<u>7,393.05</u>
Balance, December 31, 2019:						
Interfunds Receivable	A	\$ -	\$ -			
Interfunds Payable	A	<u>(148,239.29)</u>		<u>(808.92)</u>	<u>-</u>	<u>(147,430.37)</u>
		<u>\$ (148,239.29)</u>				
<u>Analysis of Net Charge/(Credit) to Operations</u>						
Interfund Accounts Receivable						
Balance, December 31, 2019	A-7	\$ -				
Balance, December 31, 2018	A-7	<u>6,613.88</u>				
	A-1	<u>\$ (6,613.88)</u>				

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2018</u>	<u>Accrued</u> <u>in 2019</u>	<u>Collected</u>	<u>Balance</u> <u>December 31, 2019</u>
Licenses:					
Alcoholic Beverages	A-2		\$ 872.00	\$ 872.00	
Fees and Permits	A-2		7,417.00	7,417.00	
Fines and Costs:					
Municipal Court	A-2	\$ 107.00	1,103.88	1,210.88	
Interest and Costs on Taxes	A-2		2,973.61	2,973.61	
Other Revenue:					
Cable TV Franchise Fees	A-2		3,739.84	3,739.84	
Consolidated Municipal Property Tax Relief Aid	A-2		5,711.00	5,711.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-2		80,192.00	80,192.00	
		<u>\$ 107.00</u>	<u>\$ 102,009.33</u>	<u>\$ 102,116.33</u>	<u>\$ -</u>
	<u>Ref.</u>	A		A-4	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY 5 YEAR (N.J.S. 40A-53)

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Budget Requirement</u>	<u>Balance December 31, 2018</u>	<u>Raised 2019 Budget</u>	<u>Balance December 31, 2019</u>
4/11/2017	Codification	\$ 20,000.00	\$ 4,000.00	<u>\$ 12,000.00</u>	<u>\$ 4,000.00</u>	<u>\$ 8,000.00</u>
				<u>\$ 12,000.00</u>	<u>\$ 4,000.00</u>	<u>\$ 8,000.00</u>
			<u>Ref.</u>	A	A-3	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 1,485.71
Increased by:			
Cash Receipts	A-4		905.57
			2,391.28
Decreased by:			
Refunds	A-4	\$ 639.75	
Applied to Taxes Receivable	A-5	1,485.71	
			2,125.46
Balance, December 31, 2019	A		\$ 265.82

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance</u> <u>December 31, 2018</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>Operations Within CAPS</u>					
General Government:					
General Administration					
Salaries and Wages	\$ 940.44		\$ 940.44		\$ 940.44
Other Expenses	1,799.77	\$ 144.02	1,943.79	\$ 1,625.34	318.45
Mayor and Council					
Salaries and Wages	11.93		11.93		11.93
Other Expenses	820.31	172.28	992.59	172.28	820.31
Municipal Clerk					
Salaries and Wages	3,581.44		3,581.44		3,581.44
Other Expenses	516.42		516.42		516.42
Financial Administration					
Other Expenses	1,458.80		1,458.80		1,458.80
Tax Collection					
Other Expenses	380.00		380.00	39.90	340.10
Assessment of Taxes					
Other Expenses	1,216.72		1,266.72	1,197.00	69.72
Legal Services					
Other Expenses	9,910.12		9,910.12		9,910.12
Engineering Services					
Other Expenses	4,361.28		4,361.28		4,361.28

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance</u> <u>December 31, 2018</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Construction Code					
Code Enforcement					
Salaries and Wages	\$ 0.06		\$ 0.06		\$ 0.06
Housing Inspector					
Other Expenses	1,000.00		1,000.00		1,000.00
Uniform Fire Safety Act (P.L. 1983, Ch. 383)					
Fire Hydrants					
Other Expenses	1,014.49		1,014.49	\$ 322.00	692.49
Office of Emergency Management					
Other Expenses	250.00		250.00		250.00
Public Works					
Salaries and Wages	2,321.61		2,321.61		2,321.61
Other Expenses	6,074.99	\$ 127.25	6,152.24	621.15	5,531.09
Recycling Program					
Other Expenses	2,256.55		2,256.55		2,256.55
Sanitation					
Other Expenses	506.45		506.45		506.45
Bulk Container	750.00		750.00		750.00
Buildings and Grounds					
Other Expenses	3,525.76		3,525.76	279.31	3,246.45
Sanitation Landfill	1,000.00		1,000.00		1,000.00
Public Health Service					
Salaries and Wages	100.00		100.00		100.00

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance</u> <u>December 31, 2018</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Animal Control Services					
Other Expenses	\$ 400.00		\$ 400.00		\$ 400.00
Recreation Services and Programs					
Salaries and Wages	811.97		811.97		811.97
Other Expenses	1,430.79		1,430.79		1,430.79
Celebration of Pubic Events					
Other Expenses	452.78		452.78		452.78
Senior Citizens					
SCAT Transportation	1,014.00		1,014.00	\$ 936.00	78.00
Other Expenses	176.11		176.11		176.11
Utility Expenses and Bulk Purchases					
Electricity	4,210.40		3,910.40	463.36	3,447.04
Street Lighting	2,460.90	\$ 40.64	2,501.54	40.64	2,460.90
Telephone	727.55		727.55	66.39	661.16
Water	912.76		912.76		912.76
Natural Gas	842.42	401.24	1,543.66	1,243.66	300.00
Contingent	100.00		100.00		100.00
Statutory Expenditures					
Public Employees' Retirement System	60.03		60.03		60.03
Social Security System (O.A.S.I.)	576.21		576.21		576.21
Defined Contribution Retirement Plan	350.00		350.00		350.00

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance</u> <u>December 31, 2018</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>Operations Excluded from CAPS</u>					
Utility Expenses and Bulk Purchases - TRWRA	\$ 580.00		\$ 580.00		\$ 580.00
Interlocal Municipal Service Agreements					
Animal Control Reserves - Borough of Red Bank	167.12		167.12		167.12
Long Branch First Aid					
Other Expenses	2,000.00		2,000.00		2,000.00
	<u>2,000.00</u>		<u>2,000.00</u>		<u>2,000.00</u>
Total General Appropriations	<u>\$ 61,070.18</u>	<u>\$ 885.43</u>	<u>\$ 61,955.61</u>	<u>\$ 7,007.03</u>	<u>\$ 54,948.58</u>
<u>Ref.</u>	A	A-12		A-11	A-1
Cash Disbursements	A-4			\$ 6,957.03	
Transfer to Accounts Payable	A			<u>50.00</u>	
	A-11			<u>\$ 7,007.03</u>	

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2018	A	\$ 885.43
Increased by:		
Current Appropriations Charged	A-3	7,414.61
		8,300.04
Decreased by:		
Transferred to Appropriation Reserves	A-11	885.43
Balance, December 31, 2019	A	\$ 7,414.61

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, December 31, 2018	A	\$ 6,952.62
Increased by:		
Cash Receipts	A-4	10,692.02
		17,644.64
Decreased by:		
Applied to 2019 Taxes Receivable	A-5	6,952.62
Balance, December 31, 2019	A	\$ 10,692.02

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2018			\$ -
Increased by:			
2019 Tax Levy:			
County Tax	A-5	\$ 126,698.45	
County Library Tax	A-5	9,063.39	
County Open Space Fund Tax	A-5	14,621.16	
County Health Tax	A-5	<u>2,551.53</u>	
	A-1/A-4		<u>152,934.53</u>
			152,934.53
Decreased by:			
County Taxes Paid	A-4		<u>152,934.53</u>
Balance, December 31, 2019			<u><u>\$ -</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2018:			
School Tax Payable	A	\$ 2,962.24	
School Tax Deferred		<u>121,215.00</u>	
			\$ 124,177.24
Increased by:			
Levy - For School Calendar Year 2019	A-5		<u>188,530.00</u>
			312,707.24
Decreased by:			
Payments	A-4		<u>180,667.48</u>
Balance, December 31, 2019:			
School Tax Payable	A	10,824.76	
School Tax Deferred		<u>121,215.00</u>	
			<u><u>\$ 132,039.76</u></u>
 <u>2019 Liability for Regional High School Tax</u>			
Tax Paid	A-4		\$ 180,667.48
School Tax Payable, December 31, 2019	A		<u>10,824.76</u>
			191,492.24
Less: School Tax Payable, December 31, 2018	A		<u>2,962.24</u>
Amount Charged to 2019 Operations	A-1		<u><u>\$ 188,530.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DUE TO/(FROM) STATE - P.L. 1971, C. 20

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 2,305.00
Increased by:			
Cash Receipts	A-4	\$ 2,522.57	
Deductions Disallowed by Collector - Prior Years	A-1/A-5	22.57	
			2,545.14
			4,850.14
Decreased by:			
Senior Citizen Deductions		1,500.00	
Veteran Deductions		2,250.00	
Deductions Allowed by Collector - 2019		250.00	
		4,000.00	
Less:			
Deductions Disallowed by Collector - 2019		1,000.00	
		3,000.00	
Canceled	A-1	2,100.14	
			5,100.14
Balance, December 31, 2019	A		\$ (250.00)

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DUE TO STATE OF NEW JERSEY -
 MARRIAGE LICENSE FEES

	<u>Ref.</u>		
Balance, December 31, 2018	A		\$ 300.00
Increased by:			
Cash Receipts	A-4		100.00
			400.00
Decreased by:			
Cash Disbursements	A-4	\$ 150.00	
Canceled	A-1	250.00	
			400.00
Balance, December 31, 2019	A		\$ -

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR CODIFICATION

Ref.

Balance, December 31, 2019 and 2018	A	<u>\$ 20,000.00</u>
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TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR HURRICANE SANDY

	<u>Ref.</u>	
Balance, December 31, 2019 and 2018	A	<u>\$ 66,985.39</u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND
 SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance December 31, <u>2018</u>	Increased by Revenue Anticipated <u>2019</u>	Transferred from Grants <u>Unappropriated</u>	Cash <u>Received</u>	Balance December 31, <u>2019</u>
State of New Jersey:					
Recycling Tonnage Grant	\$ 1,240.19	\$ 0.52	\$ 0.52	\$ 179.10	\$ 1,061.09
Clean Communities Program	<u> </u>	<u>4,000.00</u>	<u>4,000.00</u>	<u> </u>	<u> </u>
	<u>\$ 1,240.19</u>	<u>\$ 4,000.52</u>	<u>\$ 4,000.52</u>	<u>\$ 179.10</u>	<u>\$ 1,061.09</u>
<u>Ref.</u>	A	A-2/A-7		A-7	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATED RESERVES

	Balance December 31, <u>2018</u>	Transferred From 2019 <u>Appropriations</u>	Cash <u>Disbursed</u>	Balance December 31, <u>2019</u>
State of New Jersey:				
Clean Communities:				
2015	\$ 5,736.34		\$ 3,392.53	\$ 2,343.81
2017	4,000.00			4,000.00
2018		\$ 4,000.00		4,000.00
Recycling Tonnage Grant	10,848.95	0.52		10,849.47
Forestry Grant	3,000.00			3,000.00
Community Development Block Grant	<u>119,416.19</u>			<u>119,416.19</u>
	<u>\$ 143,001.48</u>	<u>\$ 4,000.52</u>	<u>\$ 3,392.53</u>	<u>\$ 143,609.47</u>
<u>Ref.</u>	A	A-3/A-7	A-7	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND
 SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

	Balance December 31, <u>2018</u>	Cash <u>Receipts</u>	Transferred to Grants <u>Receivable</u>	Balance December 31, <u>2019</u>
State of New Jersey:				
Recycling Tonnage Grant	\$ 0.52	\$ 881.99	\$ 0.52	\$ 881.99
Clean Communities Program	<u>8,000.00</u>	<u> </u>	<u>4,000.00</u>	<u>4,000.00</u>
	<u>\$ 8,000.52</u>	<u>\$ 881.99</u>	<u>\$ 4,000.52</u>	<u>\$ 4,881.99</u>
<u>Ref.</u>	A	A-7	A-20	A

SUPPLEMENTARY EXHIBITS

TRUST OTHER FUNDS

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Trust Other Fund</u>
Balance, December 31, 2018	B	\$ 11,213.48	\$ 52,226.05
Increased by Receipts:			
Reserve for Animal Control			
Trust Fund Expenditures	B-2	\$ 1,515.20	
Due to State of New Jersey	B-3	109.80	
Various Reserves	B-5	<u> </u>	<u>\$ 7,450.00</u>
		1,625.00	7,450.00
		<u>12,838.48</u>	<u>59,676.05</u>
Decreased by Disbursements:			
Reserve for Animal Control			
Trust Fund Expenditures	B-2	2,163.94	
Due to State of New Jersey	B-3	112.20	
Various Reserves	B-5		1,250.00
Interfunds	B-4/B-6	<u>6,613.88</u>	<u>131.17</u>
		8,890.02	1,381.17
Balance, December 31, 2019	B	<u><u>\$ 3,948.46</u></u>	<u><u>\$ 58,294.88</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance, December 31, 2018	B	\$	4,573.80
Increased by:			
Dog License Fees Collected		\$	1,225.20
Cat License Fees Collected			290.00
	B-1		1,515.20
			6,089.00
Decreased by:			
Dog Fund Expenditures	B-1		2,163.94
Balance, December 31, 2019	B	\$	3,925.06
License and Penalty Fees Collected:			
	<u>Year</u>	<u>Amount</u>	
	2017	\$	1,944.00
	2018		2,796.20
			4,740.20
		\$	4,740.20

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF DUE TO/(FROM) STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance, December 31, 2018	B	\$ 25.80
Increased by:		
Receipts	B-1	109.80
		135.60
Decreased by:		
Disbursements	B-1	112.20
		112.20
Balance, December 31, 2019	B	\$ 23.40

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2018	B	\$ 6,613.88
Decreased By:		
Cash Disbursed	B-1	6,613.88
Balance, December 31, 2019	B	\$ -

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
 SCHEDULE OF VARIOUS RESERVES

	Balance December 31, <u>2018</u>	<u>Increased by</u>	<u>Decreased by</u>	Balance December 31, <u>2019</u>
Trust Other	\$ 11,022.21			\$ 11,022.21
Street Opening	6,172.50	\$ 3,000.00		9,172.50
Engineering Fees	183.50			183.50
POAA	156.00			156.00
Public Defender	200.00			200.00
Refundable Deposits	1,000.00	2,500.00	\$ 1,000.00	2,500.00
Snow Removal	13,000.00			13,000.00
Unemployment Fund	10,611.22		0.08	10,611.14
Recreation	10,558.45	1,950.00	250.00	12,258.45
	<u>\$ 52,903.88</u>	<u>\$ 7,450.00</u>	<u>\$ 1,250.08</u>	<u>\$ 59,103.80</u>
<u>Ref.</u>	B	B-1		B
Interfund - Current Fund	B-6		\$ 0.08	
Cash Disbursements	B-1		<u>1,250.00</u>	
			<u>\$ 1,250.08</u>	

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF DUE FROM CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2018	B	\$ 677.83
Increased By:		
Cash Disbursed	B-1	131.17
		<hr/> 809.00
Decreased By:		
Various Reserves	B-5	0.08
		<hr/> 0.08
Balance, December 31, 2019	B	<hr/> <hr/> \$ 808.92

SUPPLEMENTARY EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2018	C		\$ 615,176.81
Increased by Receipts:			
Due from MCIA	C-5	\$ 8,471.06	
Capital Fund Balance	C-1	1,720.64	
Capital Improvement Fund	C-12	25,000.00	
Due to Current Fund	C-13	<u>331,615.54</u>	
			<u>366,807.24</u>
			981,984.05
Decreased by Disbursements:			
Reserve for Cost of Issuance	C-14	5,250.00	
Improvement Authorizations	C-8	<u>124,600.51</u>	
			<u>129,850.51</u>
Balance, December 31, 2019	C		<u><u>\$ 852,133.54</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 ANALYSIS OF GENERAL CAPITAL CASH

	Balance <u>December 31, 2019</u>
Fund Balance	\$ 26,823.85
Capital Improvement Fund	123,716.83
Reserve for Debt Issuance Costs	6,287.86
Reserve for Debt Service	184.14
Grants Receivable	(499,784.00)

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
3/25/1997	Various Roadway Improvements	(322.50)
N/A	Inflow and Infiltration Corrections to the Sanitary Sewer System	88,129.37
7.11.06	Reconstruction and Resurfacing of a Portion of Crawford Street	64,548.72
10.23.07A	Various 2007 Capital Projects	5,872.42
8.12.14A	Improvements to Municipal Building	91,543.62
2015-05	Reconstruction of Belshaw Ave. & Paving	30,449.74
2018-07(A)	Various Capital Improvements	162,546.25
2018-07(B)	Various Capital Improvements	83,019.61
2018-07(C)	Various Capital Improvements	305,617.63
2019-03	Underground Storage Tank Remediation	2,500.00
2019-07	Improvements to Crawford Street	361,000.00
		\$ 852,133.54
		\$ 852,133.54

Ref. C

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 159,784.00
Increased By:		
Grants Awarded - ORD #2019-07	C-8	<u>340,000.00</u>
Balance, December 31, 2019	C	<u><u>\$ 499,784.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM MONMOUTH COUNTY IMPROVEMENT AUTHORITY

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 8,471.06
Decreased by:		
Cash Receipts	C-2	<u>8,471.06</u>
Balance, December 31, 2019	C	<u><u>\$ -</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 1,035,000.00
Decreased By:		
Repayment of Bond Principal	C-11	<u>70,000.00</u>
Balance, December 31, 2019	C	<u><u>\$ 965,000.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance <u>Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2018</u>	2019 <u>Authorizations</u>	Balance December 31, <u>2019</u>	Analysis of Balance December 31, 2019	
					<u>Expenditures</u>	Unexpended Improvement <u>Authorizations</u>
3/25/1997	Various Roadway Improvements	\$ 322.50		\$ 322.50	\$ 322.50	
10.23.07A	Various 2007 Capital Projects	11,622.00		11,622.00		\$ 11,622.00
8.12.14A	Improvements to Municipal Building	132,550.00		132,550.00		132,550.00
2019-03	Underground Storage Tank Remediation		\$ 47,500.00	47,500.00		47,500.00
2019-07	Improvements to Crawford Street		59,000.00	59,000.00		59,000.00
		<u>\$ 144,494.50</u>	<u>\$ 106,500.00</u>	<u>\$ 250,994.50</u>	<u>\$ 322.50</u>	<u>\$ 250,672.00</u>
<u>Ref.</u>		C	C-8/C-16	C	C-3	C-8

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Amount	Balance December 31, 2018		Increased by	Decreased by	Balance December 31, 2019	
				Funded	Unfunded	2019 Authorizations	Paid	Funded	Unfunded
N/A	Inflow and Infiltration Corrections to the Sanitary Sewer System	11/14/2000	\$ 100,000.00	\$ 88,129.37				\$ 88,129.37	
7/11/06	Reconstruction and Resurfacing of a Portion of Crawford Street	7/11/2006	300,000.00	64,548.72				64,548.72	
10.23.07A	Various 2007 Capital Projects	10/23/2007	791,622.00	5,872.42	\$ 11,622.00			5,872.42	\$ 11,622.00
8.12.14A/2015-06	Improvements to Municipal Building	8/12/2014	860,000.00	91,543.62	132,550.00			91,543.62	132,550.00
2015-05	Reconstruction of Belshaw Ave. & Paving	8/11/2015	285,300.00	30,449.74				30,449.74	
2016-06	Replacement of Barker Ave. Bulletin Board	8/16/2016	16,000.00	16,000.00			\$ 16,000.00		
2018-07	Various Capital Improvement Projects (A) Crawford Street Repaving Project- I (B) Crawford Street Electric Project (C) Crawford Street Sewer Project - I	10/23/2019	659,784.00	190,000.00 150,000.00 319,784.00			27,453.75 66,980.39 14,166.37	162,546.25 83,019.61 305,617.63	
2019-03	Underground Storage Tank Remediation	7/2/2019	50,000.00			\$ 50,000.00		2,500.00	47,500.00
2019-07	Improvements to Crawford Street	7/30/2019	420,000.00			420,000.00		361,000.00	59,000.00
				<u>\$ 956,327.87</u>	<u>\$ 144,172.00</u>	<u>\$ 470,000.00</u>	<u>\$ 124,600.51</u>	<u>\$ 1,195,227.36</u>	<u>\$ 250,672.00</u>
		<u>Ref.</u>		C	C	C-8	C-2/C-13	C	C/C-7
	Grants Receivable			C-4		\$ 340,000.00			
	Deferred Charges to Future Taxation - Unfunded			C-7		106,500.00			
	Capital Improvement Fund			C-12		23,500.00			
				C-8		<u>\$ 470,000.00</u>			

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL LEASE OBLIGATIONS

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 17,000.00
Decreased by:		
Paid by Budget Appropriation	C-10	<u>5,000.00</u>
Balance, December 31, 2019	C	<u>\$ 12,000.00</u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL LEASE OBLIGATIONS PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 17,000.00
Decreased by:		
Cash Disbursed by Current Fund	C-9	<u>5,000.00</u>
Balance, December 31, 2019	C	<u><u>\$ 12,000.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2019</u>	<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>Paid by Budget Appropriation</u>	<u>Balance December 31, 2019</u>
2015 MCIA Pooled Government Loan Program	12/01/15	\$ 240,000.00	2020	\$ 10,000.00	5.000%	\$ 210,000.00	\$ 10,000.00
			2021-2026	15,000.00	5.000%		
			2027-2029	20,000.00	5.000%		
			2030-2031	20,000.00	3.500%		
2016 MCIA Pooled Government Loan Program	03/02/16	395,000.00	2020	45,000.00	5.000%	350,000.00	45,000.00
			2021-2023	50,000.00	5.000%		
			2024-2025	55,000.00	5.000%		
2018 MCIA Pooled Government Loan Program	12/01/18	475,000.00	2020-2021	15,000.00	5.000%	475,000.00	15,000.00
			2022-2027	20,000.00	5.000%		
			2028-2031	25,000.00	5.000%		
			2032-2033	30,000.00	5.000%		
			2034	30,000.00	3.125%		
			2035-2036	30,000.00	3.250%		
			2037-2038	30,000.00	3.375%		
					<u>475,000.00</u>	<u>15,000.00</u>	<u>460,000.00</u>
					<u>\$ 1,035,000.00</u>	<u>\$ 70,000.00</u>	<u>\$ 965,000.00</u>
				<u>Ref.</u>	C	C-6	C

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 122,216.83
Increased By:		
2018 Budget Appropriations	C-2	25,000.00
		147,216.83
Decreased By:		
Improvement Authorization Funded	C-8	23,500.00
		23,500.00
Balance, December 31, 2019	C	\$ 123,716.83

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM/(TO) CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 331,615.54
Decreased By:		
Cash Receipts	C-2	<u>331,615.54</u>
Balance, December 31, 2019	C	<u><u>\$ -</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR COST OF ISSUANCE

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 11,537.86
Decreased by:		
Cash Disbursements	C-2	<u>5,250.00</u>
Balance, December 31, 2019	C	<u><u>\$ 6,287.86</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE

	<u>Ref.</u>	
Balance, December 31, 2019 and 2018	C	<u>\$ 184.14</u>

TOWNSHIP OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2018</u>	2019 <u>Authorizations</u>	Balance December 31, <u>2019</u>
3/25/1997	Resurfacing and Reconstruction of Off-Street Municipal Parking Lots	\$ 322.50		\$ 322.50
10.23.07A	Various Capital Improvements	11,622.00		11,622.00
8.12.14A	Various Capital Improvements	132,550.00		132,550.00
2019-03	Underground Storage Tank Remediation		\$ 47,500.00	47,500.00
2019-07	Improvements to Crawford Street		59,000.00	59,000.00
		<u>\$ 144,494.50</u>	<u>\$ 106,500.00</u>	<u>\$ 250,994.50</u>

C-7

(Footnote C)

SUPPLEMENTARY EXHIBITS
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
 SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS

	Balance December 31, <u>2018</u>	<u>Additions</u>	Balance December 31, <u>2019</u>
General Fixed Assets:			
Land	\$ 550,000.00		\$ 550,000.00
Building	1,006,870.00		1,006,870.00
Machinery and Equipment	<u>352,660.00</u>	<u>\$ 53,112.25</u>	<u>405,772.25</u>
	<u>\$ 1,909,530.00</u>	<u>\$ 53,112.25</u>	<u>\$ 1,962,642.25</u>
<u>Ref.</u>	D		D

TOWNSHIP OF SHREWSBURY

COUNTY OF MONMOUTH

PART II

SCHEDULE OF FINDINGS AND RESPONSES

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2019

**TOWNSHIP OF SHREWSBURY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditor's Results

Financial Statements Section

Type of auditor's report issued on whether the Financial Statements audited were prepared in accordance with GAAP:

Adverse

Type of auditor's report issued on whether the financial Statements audited were prepared in accordance with the regulatory basis of accounting promulgated by the Division of Local Government Service, Department Community Affairs, State of New Jersey:

Unmodified

Internal control over financial reporting:

Material weakness identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No

**TOWNSHIP OF SHREWSBURY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section II - Financial Statement Findings

No findings noted.

**TOWNSHIP OF SHREWSBURY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Status of Prior Year Findings:

Finding Reference: 2018-001

This finding was fully corrected.

TOWNSHIP OF SHREWSBURY

COUNTY OF MONMOUTH

PART III

**OFFICIALS IN OFFICE AND SURETY BONDS
GENERAL COMMENTS
APPRECIATION**

FOR THE YEAR ENDED DECEMBER 31, 2019

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Edward P. Nolan	Mayor
Glenwood J. Puhak	Deputy Mayor
Lester J. Jennings	Council Member
Gene Anthony, Esq.	Attorney
Thomas X. Seaman	Chief Financial Officer
Kelly A. Montecinos	Tax Collector
Teri Giercyk	Municipal Clerk (1/1/2019 – 2/11/2019)
Pamela Howard	Municipal Clerk (beginning 2/12/2019)
Cathleen Gerber	Court Administrator
Frank LaRocca	Judge

All employees are covered by a dishonesty Public Employees' Blanket Bond in the amount of \$50,000.00, written by Monmouth Municipal Joint Insurance Fund. In addition, there are blanket bonds for secondary coverage with the Municipal Excess Liability Joint Insurance Fund in the amount of \$950,000.00 for Public Employees.

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, “Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law”.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Township Counsel’s opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Replace Electric System along Crawford Street
Data Collection and Verification Services

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

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S. 40A:11-5.

Our examination of expenditures did not reveal individual payments in excess of the bid threshold “for the provision or performance of any goods or services” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states, “For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered”.

GENERAL COMMENTS (continued)

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes and assessments on or before the date when they would become delinquent.

The Governing Body, on January 1, 2019, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, R.S. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes or assessments as provided by law;

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Township Committee of the Township of Shrewsbury, County of Monmouth, State of New Jersey that property taxes shall be due and payable quarterly on February 1st, May 1st, August 1st and November 1st of each year with a ten-day grace period, after which dates, if unpaid, shall become delinquent with interest charged as set forth below and reverting back to the due date on any quarterly installment of taxes.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Township Committee of the Township of Shrewsbury, County of Monmouth, State of New Jersey, hereby fix the rate of interest at 8% per annum on the first \$1,500.00 of delinquency and 18% per annum on any amount in excess of \$1,500.00.

BE IT FURTHER RESOLVED, that a 6% year end penalty be assessed on the last day of the fiscal year on delinquent accounts when in excess of \$10,000.00.

Other Comments

Current Year Comments

2019-01 - Payments were made to vendors in an emergency situation that were in excess of the bid threshold and no official emergency action was taken.

2019-02 - Certain expenditures made from the Clean Communities Grant were not allowable expenditures.

Status of Prior Year Comments

Management has taken corrective action on the prior year finding.

Recommendation

2019-01 - Policies and procedures related to emergency expenditures should be reviewed and implemented.

2019-02 – Policies and procedures related to allowable costs should be reviewed and implemented.

Appreciation

I desire to express my appreciation for the cooperation received from the Township Officials and Employees and the courtesies extended during the course of the audit.

Very truly yours,

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506
For the Firm
FALLON & COMPANY LLP