



**TOWNSHIP OF CLARK
COUNTY OF UNION, NEW JERSEY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**Township of Clark
County of Union, New Jersey**

Financial Statements and Supplementary Schedules

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Township Council
Township of Clark
County of Union
Clark, New Jersey

Report on the Financial Statements

We have audited the accompanying basic financial statements-regulatory basis of the Township of Clark, ("Township"), County of Union, State of New Jersey, which comprise the comparative balance sheets-regulatory basis of the various funds and account group, as of December 31, 2019 and 2018, the related comparative statements of operations and changes in fund balances-regulatory basis and the related notes to the financial statements for the years then ended and the statement of fund balance-regulatory basis, the statements of revenues-regulatory basis and the statements of expenditures-regulatory basis of the various funds for the year ended December 31, 2019, which collectively comprise the Township's basic financial statements as listed in the financial statements section of the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township'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 opinion.

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 (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet 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 changes in fund balances for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects the comparative balance sheets-regulatory basis of the various funds and account group of the Township as of December 31, 2019 and 2018, and the results of its operations and changes in fund balances of such funds – regulatory basis 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 accordance with the financial reporting provisions of the Division as described in Note 1.


Report on Supplementary Information as Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audits were conducted for the purpose of forming an opinion on the financial statements. The supplementary information, identified in the table of contents as Schedules 1-A through 9-E and the comments section are presented for purposes of additional analysis as required by the Division and are not a required part of the 2019 regulatory basis financial statements of the Township. Schedules 1-A through 9-E and the comments section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Scott A. Clelland

Registered Municipal Accountant

No. 455



WISS & COMPANY, LLP

Florham Park, New Jersey
June 25, 2020



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

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Township Council
Township of Clark
County of Union
Clark, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"); and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the regulatory basis financial statements of the Township of Clark ("Township"), County of Union, New Jersey as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2020, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis 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 opinion on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott A. Clelland
Registered Municipal Accountant
No. 455



WISS & COMPANY, LLP

Florham Park, New Jersey
June 25, 2020

Current and Grant Fund

Exhibits

Township of Clark
County of Union, New Jersey
Current and Grant Fund

Comparative Balance Sheets - Regulatory Basis

	Reference	December 31,	
		2019	2018
Assets			
Current Fund:			
Cash	1-A	\$ 7,142,932.29	\$ 6,281,304.58
Due from State of New Jersey - Senior Citizens and Veterans	4-A	1,735.62	2,009.59
Receivables with full reserves:			
Delinquent property taxes receivable	3-A	481,554.57	582,669.23
Tax title liens receivable	5-A	22,176.39	21,328.01
Revenue accounts receivable	6-A	20,459.02	17,954.01
	A	<u>524,189.98</u>	<u>621,951.25</u>
Total Current Fund		<u>7,668,857.89</u>	<u>6,905,265.42</u>
Grant Fund:			
Cash	2-A	37,221.73	12,928.08
Grants receivable	15-A	16,553.00	73,298.00
Total Grant Fund		<u>53,774.73</u>	<u>86,226.08</u>
		<u>\$ 7,722,632.62</u>	<u>\$ 6,991,491.50</u>

See accompanying notes to financial statements.

Township of Clark
County of Union, New Jersey
Current and Grant Fund

Comparative Balance Sheets - Regulatory Basis

		December 31,	
	Reference	2019	2018
Liabilities, reserves and fund balance			
Current Fund:			
Liabilities:			
Appropriation reserves	A-3, 8-A	\$ 1,383,941.34	\$ 1,298,829.76
Encumbrances payable	A-3, 8-A	192,174.80	66,792.91
Prepaid taxes	10-A	399,394.41	316,632.80
Tax overpayments	11-A	38,187.14	38,074.02
Due to State of New Jersey	7-A	5,561.00	700.00
Reserve for tax appeals	12-A	698,397.58	700,000.00
		<u>2,717,656.27</u>	<u>2,421,029.49</u>
Reserve for receivables	A	524,189.98	621,951.25
Fund balance	A-1	4,427,011.64	3,862,284.68
Total Current Fund		<u>7,668,857.89</u>	<u>6,905,265.42</u>
Grant Fund:			
Reserve for appropriated grants	16-A	30,696.83	86,226.08
Reserve for unappropriated grants	17-A	23,077.90	-
Total Grant Fund		<u>53,774.73</u>	<u>86,226.08</u>
		<u>\$ 7,722,632.62</u>	<u>\$ 6,991,491.50</u>

See accompanying notes to financial statements.

Township of Clark
County of Union, New Jersey
Current Fund

Comparative Statements of Operations and Changes in Fund Balances - Regulatory Basis

	<u>Reference</u>	Years ended December 31,	
		2019	2018
Revenues and other income realized:			
Fund balance utilized	A-2	\$ 1,500,000.00	\$ 775,000.00
Miscellaneous revenue anticipated	A-2	3,540,222.58	4,731,108.68
Receipts from delinquent taxes	A-2	598,369.41	521,975.75
Receipts from current taxes	A-2	65,779,122.36	64,426,416.95
Non-budget revenues	A-2	306,808.74	391,985.02
Other credits to income:			
Senior citizen adjustment		-	332.88
Unexpended balance of appropriation reserves	8-A	1,016,583.79	1,000,001.63
Total revenues and other income		<u>72,741,106.88</u>	<u>71,846,820.91</u>
Expenditures:			
Budget expenditures	A-3	22,918,629.10	22,395,056.36
County taxes	3-A, 14-A	14,340,414.08	14,450,884.31
County share of added and omitted taxes	3-A, 13-A	48,493.40	46,585.16
Local district school tax	3-A, 9-A	33,364,348.00	32,608,316.00
Refund of prior year revenue	1-A	4,495.34	-
Cancellations of grants (net)		-	11,408.47
Total expenditures		<u>70,676,379.92</u>	<u>69,512,250.30</u>
Statutory excess to fund balance		2,064,726.96	2,334,570.61
Fund balance:			
Balance, January 1	A	<u>3,862,284.68</u>	<u>2,302,714.07</u>
		5,927,011.64	4,637,284.68
Decreased by:			
Utilized as anticipated revenue	A-1	<u>1,500,000.00</u>	<u>775,000.00</u>
Balance, December 31	A	<u>\$ 4,427,011.64</u>	<u>\$ 3,862,284.68</u>

See accompanying notes to financial statements.

Township of Clark
County of Union, New Jersey
Current Fund

Statement of Revenues - Regulatory Basis

Year ended December 31, 2019

	Reference	Anticipated Budget	Realized	Excess or (Deficit)
Surplus anticipated	A-1	\$ 1,500,000.00	\$ 1,500,000.00	\$ -
Miscellaneous revenues				
Licenses:				
Alcoholic beverages	6-A	29,000.00	29,396.00	396.00
Other	6-A	10,000.00	6,707.00	(3,293.00)
Fees and permits	6-A	192,000.00	217,826.70	25,826.70
Fines and costs:				
Municipal Court	6-A	330,000.00	275,658.24	(54,341.76)
Interest and costs on taxes	6-A	122,000.00	129,960.33	7,960.33
Interest on investments and deposits	6-A	27,000.00	185,860.69	158,860.69
Consolidated municipal property tax relief aid	6-A	34,635.00	34,635.00	
Energy receipts tax (P.L. 1977, Chapters 162 and 167)	6-A	1,753,892.00	1,753,892.00	
Uniform Construction Code	6-A	650,000.00	415,097.00	(234,903.00)
Board of Education - trash removal	6-A	33,413.00	33,412.50	(0.50)
Recycling Tonnage Grant	15-A	8,614.06	8,614.06	
Drunk Driving Enforcement	15-A	4,484.83	4,484.83	
Clean Communities Grant	15-A	31,351.97	31,351.97	
Municipal Alliance Grant	15-A	13,053.00	13,053.00	
Union County Infrastructure Grant	15-A	50,000.00	50,000.00	
Greening Union County	15-A	3,500.00	3,500.00	
Body Armor	15-A	4,139.95	4,139.95	
Uniform fire safety act	6-A	50,000.00	53,869.87	3,869.87
Cable TV Franchise fee	6-A	70,000.00	72,983.52	2,983.52
Cell Tower Rental	6-A	47,000.00	61,627.50	14,627.50
Hotel Tax	6-A	166,000.00	154,152.42	(11,847.58)
Total miscellaneous revenues	A-1	3,630,083.81	3,540,222.58	(89,861.23)
Receipts from delinquent taxes	A-1	430,000.00	598,369.41	168,369.41
Property tax for support of municipal and library budget appropriations:				
Local tax for municipal purposes		17,585,667.00	18,116,362.88	530,695.88
Local tax for library purposes		909,504.00	909,504.00	
Total property taxes for municipal purposes and library	A-2, 3-A	18,495,171.00	19,025,866.88	530,695.88
Non-budget revenues	A-1, A-2 Below	-	306,808.74	306,808.74
		\$ 24,055,254.81	\$ 24,971,267.61	\$ 916,012.80
Budget revenue	A-3	\$ 23,953,164.00		
Special items of revenue (N.J.S.A. 40A:4-87)	A-3	102,090.81		
	Above	\$ 24,055,254.81		

See accompanying notes to financial statements.

Township of Clark
County of Union, New Jersey
Current Fund

Statement of Revenues - Regulatory Basis

Year ended December 31, 2019

	<u>Reference</u>	
Analysis of realized revenues:		
Allocation of current tax collections:		
Revenue from collections	3-A	\$ 65,779,122.36
Allocated to:		
School and county taxes	3-A	47,753,255.48
		<u>18,025,866.88</u>
Add: Reserve for uncollected taxes	A-3	1,000,000.00
Amount for support of municipal budget appropriations	A-2	<u>\$ 19,025,866.88</u>
Miscellaneous revenue not anticipated:		
Administrative Fee - Senior Citizens & Vets		\$ 2,914.08
Motor Vehicle Inspection Fines		7,205.75
Rental - Union County Ed. Serv. Comm.		23,335.38
Scrap Metal		5,238.89
Union County Utilities		19,929.00
CDBG Prior Year		10,064.00
Police Off Duty Car Fee		131,344.66
Sale of Vehicles		19,344.76
Police - DOJ		937.20
Rahway Brine Refund		6,000.00
Tax Collector Costs		9,840.75
Clothing Bins		4,250.00
Escrow Account Balance Closed		58,918.92
Other		7,485.35
Total	A-1, A-2, 1-A	<u>\$ 306,808.74</u>

Township of Clark
County of Union, New Jersey
Current Fund

Statement of Expenditures - Regulatory Basis

Year ended December 31, 2019

Appropriations	Appropriations		Expended		
	Budget	Budget after Modification	Paid or Charged	Reserved	Cancelled
Operations within "CAPS"					
General Government:					
Department of administration					
Business administration					
Salaries and wages	\$ 238,492.00	\$ 238,992.00	\$ 238,798.04	\$ 193.96	
Other expenses	84,300.00	94,300.00	92,978.75	1,321.25	
Mayor's office					
Salaries and wages	50,000.00	20,001.00	20,000.03	0.97	
Other expenses	6,500.00	6,500.00	2,996.00	3,504.00	
Township council					
Salaries and wages	51,708.00	51,708.00	51,708.00		
Other expenses	32,000.00	32,000.00	22,150.39	9,849.61	
Township clerk					
Salaries and wages	195,720.00	195,720.00	194,067.00	1,653.00	
Other expenses	16,900.00	16,900.00	13,165.84	3,734.16	
Elections					
Salaries and wages	3,000.00	3,000.00	2,454.40	545.60	
Other expenses	13,000.00	13,000.00	12,739.38	260.62	
Department of Revenue and Finance					
Directors office					
Salaries and wages	231,896.00	231,896.00	229,896.00	2,000.00	
Other expenses	100,000.00	100,000.00	83,541.95	16,458.05	
Division of revenue					
Collection of taxes					
Salaries and wages	72,976.00	72,976.00	71,976.00	1,000.00	
Other expenses	11,900.00	11,900.00	11,704.47	195.53	
Department of Assessment					
Assessment of taxes					
Salaries and wages	58,155.00	58,155.00	55,270.52	2,884.48	
Other expenses	20,800.00	20,800.00	17,295.89	3,504.11	
Legal Expenses					
Other expenses	210,000.00	260,000.00	202,743.07	57,256.93	
Department of Engineering					
Other expenses	50,000.00	50,000.00	8,913.27	41,086.73	
Planning Board - Municipal Land Use Law (NJSA 40:550-1)					
Salaries and wages	6,475.00	6,475.00	6,210.00	265.00	
Other expenses	26,000.00	26,000.00	22,002.94	3,997.06	
Zoning Board					
Salaries and wages	6,475.00	6,475.00	6,204.75	270.25	
Other expenses	4,500.00	4,500.00	508.50	3,991.50	
Group insurance for employees	750,000.00	557,499.00	557,499.00		
Life insurance	15,000.00	15,000.00	2,910.60	12,089.40	
Disability insurance	65,000.00	65,000.00	64,154.19	845.81	
Employee group health	3,375,000.00	3,110,000.00	2,769,037.45	340,962.55	
Health benefit waiver	25,000.00	25,000.00	15,000.00	10,000.00	
Police					
Salaries and wages	4,564,993.00	4,564,993.00	4,453,219.11	111,773.89	
Other expenses	316,382.00	371,382.00	370,510.78	871.22	
Emergency management services					
Salaries and wages	9,792.00	9,792.00	8,923.00	869.00	
Other expenses	12,100.00	12,100.00	8,804.97	3,295.03	
First Aid Organization - Contribution	70,000.00	70,000.00	70,000.00		

See accompanying notes to financial statements.

Township of Clark
County of Union, New Jersey
Current Fund

Statement of Expenditures - Regulatory Basis

Year ended December 31, 2019

Appropriations	Appropriations		Expended		
	Budget	Budget after Modification	Paid or Charged	Reserved	Cancelled
Operations within "CAPS" (continued)					
Fire					
Salaries and wages	\$ 105,645.00	\$ 98,645.00	\$ 73,940.77	\$ 24,704.23	
Other expenses	154,518.00	154,518.00	154,518.00		
Fire Hydrant Services	300,000.00	300,000.00	239,466.20	60,533.80	
Uniform Fire Safety Act					
Fire Official					
Salaries and wages	102,296.00	109,296.00	105,305.16	3,990.84	
Other expenses	24,782.00	24,782.00	24,480.45	301.55	
Bureau of roads, road repair and maintenance					
Salaries and wages	973,313.00	973,313.00	837,207.28	136,105.72	
Other expenses	367,800.00	567,800.00	516,125.11	51,674.89	
Building and grounds					
Salaries and wages	180,752.00	180,752.00	175,752.00	5,000.00	
Other expenses	90,000.00	170,000.00	134,120.28	35,879.72	
Division of health and welfare					
Bureau of health					
Salaries and wages	103,837.00	103,837.00	103,536.96	300.04	
Other expenses	22,000.00	22,000.00	20,829.47	1,170.53	
Department of Senior Citizens Affairs					
Salaries and wages	69,060.00	69,060.00	49,458.34	19,601.66	
Other expenses	22,000.00	22,000.00	9,009.11	12,990.89	
Animal Control regulation					
Other expenses	21,000.00	21,000.00	21,000.00		
Services of visiting nurses - contractual	8,000.00	8,000.00	5,110.50	2,889.50	
Department of recreation					
Salaries and wages	287,048.00	331,048.00	314,332.39	16,715.61	
Other expenses	50,000.00	50,000.00	42,655.77	7,344.23	
Celebration of public events, anniversary or holiday					
Other expenses	50,000.00	50,000.00	48,473.12	1,526.88	
Street Lighting	270,000.00	270,000.00	255,439.47	14,560.53	
Municipal Court					
Salaries and Wages	264,184.00	274,184.00	238,266.42	35,917.58	
Other expenses	18,600.00	18,600.00	18,183.71	416.29	
Division of Code Enforcement					
Construction Code Official					
Salaries and wages	330,116.00	350,116.00	330,709.51	19,406.49	
Other expenses	148,700.00	148,700.00	73,850.06	74,849.94	
Unclassified					
Shade Tree	10,000.00	10,000.00	9,815.97	184.03	
Grass Collection	40,000.00	40,000.00	18,000.00	22,000.00	
Leaf Collection	72,000.00	72,000.00	69,611.00	2,389.00	
Recycling	280,000.00	290,000.00	276,324.02	13,675.98	
Clean Up	40,000.00	48,000.00	48,000.00		
Municipal Services Act	50,000.00	50,000.00	11,823.50	38,176.50	
Environmental commission					
Other expenses	100.00	100.00		100.00	
Utilities	175,000.00	175,000.00	152,931.85	22,068.15	
Telephone - all departments	40,000.00	40,000.00	33,519.35	6,480.65	
Gas - diesel	150,000.00	150,000.00	107,567.14	42,432.86	
Reserve for compensated absence	100,000.00	100,000.00	100,000.00		
Total operations within "CAPS"	15,614,815.00	15,614,815.00	14,306,747.20	1,308,067.80	

See accompanying notes to financial statements.

Township of Clark
County of Union, New Jersey
Current Fund

Statement of Expenditures - Regulatory Basis

Year ended December 31, 2019

Appropriations	Appropriations		Expended		
	Budget	Budget after Modification	Paid or Charged	Reserved	Cancelled
Operations within "CAPS"					
(continued)					
Deferred charges and statutory expenditures-municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	\$ 505,216.00	\$ 505,216.00	\$ 505,216.00		
Social security system (O.A.S.I.)	650,000.00	650,000.00	585,895.57	\$ 64,104.43	
Police and Firemen's Retirement System of NJ	995,058.00	995,058.00	995,058.00		
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
Defined Contribution Retirement Plan	10,000.00	10,000.00	10,000.00		
Total deferred charges and statutory expenditures - municipal within "CAPS"	<u>2,170,274.00</u>	<u>2,170,274.00</u>	<u>2,106,169.57</u>	<u>64,104.43</u>	
Total general appropriations for municipal purposes within "CAPS"	<u>17,785,089.00</u>	<u>17,785,089.00</u>	<u>16,412,916.77</u>	<u>1,372,172.23</u>	
Operations - excluded from "CAPS"					
Maintenance of Free Public Library	909,504.00	909,504.00	909,504.00		
Maintenance of 911					
Salaries and wages	637,677.00	637,677.00	636,002.56	1,674.44	
Other expenses	70,950.00	70,950.00	60,855.89	10,094.11	
Length of service award program (L.O.S.A.P.)	60,000.00	60,000.00	60,000.00		
Interlocal Municipal Service Agreements					
Trash removal - Clark Board of Ed.	33,413.00	33,413.00	33,412.44	0.56	
Public and Private Programs Offset by revenues:					
Drunk Driving Enforcement		4,484.83	4,484.83		
Clean Communities		31,351.97	31,351.97		
Municipal Alliance Grant-County	13,053.00	13,053.00	13,053.00		
Municipal Alliance Local match	3,263.00	3,263.00	3,263.00		
Recycling Tonnage Grant		8,614.06	8,614.06		
Body Armor		4,139.95	4,139.95		
Union County Infrastructure		50,000.00	50,000.00		
Greening Union County		3,500.00	3,500.00		
Total operations - excluded from "CAPS"	<u>1,727,860.00</u>	<u>1,829,950.81</u>	<u>1,818,181.70</u>	<u>11,769.11</u>	
Capital improvements excluded from "CAPS"					
Capital Improvement Fund	515,000.00	515,000.00	515,000.00		
Total Capital Improvements Excluded From "CAPS"	<u>515,000.00</u>	<u>515,000.00</u>	<u>515,000.00</u>		
Municipal Debt Service - Excluded from "CAPS"					
Payment of bond principal	1,435,000.00	1,435,000.00	1,435,000.00		
Payment of bond anticipation notes and capital notes	900,000.00	900,000.00	900,000.00		
Interest on bonds	322,631.00	322,631.00	322,511.84		\$ 119.16
Interest on notes	242,885.90	242,885.90	106,379.35		136,506.55
Total municipal debt service - excluded from "CAPS"	<u>2,900,516.90</u>	<u>2,900,516.90</u>	<u>2,763,891.19</u>		<u>136,625.71</u>

See accompanying notes to financial statements.

Township of Clark
County of Union, New Jersey
Current Fund

Statement of Expenditures - Regulatory Basis

Year ended December 31, 2019

Appropriations	Appropriations		Expended		
	Budget	Budget after Modification	Paid or Charged	Reserved	Cancelled
Operations - excluded from "CAPS" (Continued)					
Deferred Charges:					
Deferred Charges to Future Taxation - Unfunded Communication and Signal System	\$ 24,698.10	\$ 24,698.10	\$ 24,698.10		
Total deferred charges	24,698.10	24,698.10	24,698.10		
Total general appropriations for municipal purposes excluded from "CAPS"	5,168,075.00	5,270,165.81	5,121,770.99	\$ 11,769.11	\$ 136,625.71
Subtotal general appropriations for municipal purposes	22,953,164.00	23,055,254.81	21,534,687.76	1,383,941.34	136,625.71
Reserve for uncollected taxes	1,000,000.00	1,000,000.00	1,000,000.00	-	-
Total general appropriations	<u>\$ 23,953,164.00</u>	<u>\$ 24,055,254.81</u>	<u>\$ 22,534,687.76</u>	<u>\$ 1,383,941.34</u>	<u>\$ 136,625.71</u>
	Below	Below	Below	A	A-1

Analysis of budget after modification

2019 appropriations	<u>Reference</u>	
Special items of revenue (N.J.S.A. 40A:4-87)	A-2, Above	\$ 23,953,164.00
	A-2, 16-A	102,090.81
	Above	<u>\$ 24,055,254.81</u>

Analysis of paid or charged

Reserve for uncollected taxes	A-2, Above	\$ 1,000,000.00
Reserve for grant expenditures - appropriated	16-A	115,143.81
Disbursed	1-A	21,227,369.15
Encumbered	A	192,174.80
	Above	<u>\$ 22,534,687.76</u>

Trust Fund

Exhibit

Township of Clark
County of Union, New Jersey
Trust Fund

Comparative Balance Sheets - Regulatory Basis

		December 31,	
Reference		2019	2018
Assets			
Animal Control Fund:			
Cash	1-B	\$ 3,728.18	\$ 4,377.52
Total Animal Control Fund		3,728.18	4,377.52
Other Trust Funds:			
Cash	1-B	3,145,903.76	3,011,112.07
Total Other Trust Funds		3,145,903.76	3,011,112.07
		\$ 3,149,631.94	\$ 3,015,489.59
Liabilities and Reserves			
Animal Control Fund:			
Reserve for expenditures	2-B	\$ 3,728.18	\$ 4,377.52
Total Animal Control Fund		3,728.18	4,377.52
Other Trust Funds:			
Reserve for various trust deposits	4-B	3,145,903.76	3,011,112.07
Total Other Trust Funds		3,145,903.76	3,011,112.07
		\$ 3,149,631.94	\$ 3,015,489.59

See accompanying notes to financial statements.

General Capital Fund

Exhibits

Township of Clark
 County of Union, New Jersey
 General Capital Fund

Comparative Balance Sheets - Regulatory Basis

	Reference	December 31	
		2019	2018
Assets			
Cash	1-C, 2-C	\$ 9,282,198.23	\$ 1,954,690.49
State aid receivable	10-C	87,250.00	71,250.00
Deferred charges to future taxation:			
Funded	3-C	24,600,000.00	14,835,000.00
Unfunded	4-C	2,158,000.00	3,024,698.10
		<u>\$ 36,127,448.23</u>	<u>\$ 19,885,638.59</u>
Liabilities, reserves and fund balance			
General serial bonds	8-C	\$ 24,600,000.00	\$ 14,835,000.00
Bond anticipation notes	7-C		3,000,000.00
Improvement authorizations - funded	6-C	666,053.87	184,080.58
Improvement authorizations - unfunded	6-C	943,581.89	832,260.79
Encumbrances payable	9-C	9,901,866.23	911,805.54
Capital improvement fund	5-C	3,853.50	56,853.50
Reserve for debt service	2-C	2,433.06	877.51
Fund balance	C-1	9,659.68	64,760.67
		<u>\$ 36,127,448.23</u>	<u>\$ 19,885,638.59</u>

There were bonds and notes authorized but not issued on December 31, 2019 and 2018 in the amounts of \$2,158,000.00 and \$24,698.10, respectively (Schedule 11-C).

See accompanying notes to financial statements.

Township of Clark
 County of Union, New Jersey
 General Capital Fund

Statement of Fund Balance - Regulatory Basis

Year ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	C	\$	64,760.67
Increased by:			
Contribution Received	1-C		40,000.00
Bond Sale - Test Deposit	1-C		1.01
Premium on Notes Issued	1-C		598.00
			<u>105,359.68</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	6-C		95,700.00
			<u>95,700.00</u>
Balance, December 31, 2019	C	\$	<u><u>9,659.68</u></u>

See accompanying notes to financial statements.

Swim Pool Utility Fund

Exhibits

Township of Clark
County of Union, New Jersey
Swim Pool Utility Fund

Comparative Balance Sheets - Regulatory Basis

	Reference	December 31	
		2019	2018
Assets			
Operating Fund:			
Cash	1-D	\$ 84,286.03	\$ 81,019.90
Total Operating Fund		<u>84,286.03</u>	<u>81,019.90</u>
Capital Fund:			
Cash	1-D	1,485.50	7,465.50
Fixed capital	3-D	1,806,834.50	1,766,834.50
Total Capital Fund		<u>1,808,320.00</u>	<u>1,774,300.00</u>
		<u>\$ 1,892,606.03</u>	<u>\$ 1,855,319.90</u>
Liabilities, reserves and fund balance			
Operating Fund:			
Liabilities:			
Security deposit	1-D		\$ 1,000.00
Encumbrance payable	2-D		58.82
Appropriation reserves	D-3, 2-D	\$ 3,992.06	37,229.60
		<u>3,992.06</u>	<u>38,288.42</u>
Fund balance	D-1	80,293.97	42,731.48
Total Operating Fund		<u>84,286.03</u>	<u>81,019.90</u>
Capital Fund:			
Reserve for amortization	7-D	1,806,834.50	1,766,834.50
Reserve for capital outlay	4-D	0.50	0.50
Improvement authorizations - funded	6-D	1,485.00	7,465.00
Total Capital Fund		<u>1,808,320.00</u>	<u>1,774,300.00</u>
		<u>\$ 1,892,606.03</u>	<u>\$ 1,855,319.90</u>

There were no bonds and notes authorized but not issued on December 31, 2019 and 2018.

Township of Clark
County of Union, New Jersey
Swim Pool Utility Fund

Comparative Statements of Operations and Changes in Fund Balances - Regulatory Basis

	Reference	Years ended December 31	
		2019	2018
Revenues and other income realized:			
Fund balance utilized	D-2	\$ 30,200.00	\$ 14,000.00
Membership fees	D-2	291,475.00	287,006.00
Miscellaneous revenue	D-2	65,801.69	45,625.28
Other credits to income:			
Unexpended balance of appropriation reserves	2-D	37,285.80	24,937.91
Total revenues and other income		<u>424,762.49</u>	<u>371,569.19</u>
Expenditures:			
Operating	D-3	304,200.00	307,200.00
Capital improvements	D-3	40,000.00	40,000.00
Deferred charges and statutory expenditures	D-3	12,800.00	12,800.00
Total expenditures		<u>357,000.00</u>	<u>360,000.00</u>
Excess in revenue/statutory excess to fund balance		67,762.49	11,569.19
Fund balance:			
Balance, January 1	D	42,731.48	45,162.29
		110,493.97	56,731.48
Decreased by utilized as anticipated revenue	D-2	<u>30,200.00</u>	<u>14,000.00</u>
Balance, December 31	D	<u>\$ 80,293.97</u>	<u>\$ 42,731.48</u>

See accompanying notes to financial statements.

Township of Clark
 County of Union, New Jersey
 Swim Pool Utility Fund

Statement of Revenues-Operating Fund - Regulatory Basis

Year ended December 31, 2019

	Reference	Budget Revenue	Realized	Excess
Fund balance utilized	D-1	\$ 30,200.00	\$ 30,200.00	
Membership fees	D-1, 1-D	287,000.00	291,475.00	\$ 4,475.00
Miscellaneous	D-1, 1-D	39,800.00	65,801.69	26,001.69
		<u>\$ 357,000.00</u>	<u>\$ 387,476.69</u>	<u>\$ 30,476.69</u>
	<u>Reference</u>	D-3	D-1	

Township of Clark
 County of Union, New Jersey
 Swim Pool Utility Fund

Statement of Expenditures-Operating Fund - Regulatory Basis

Year ended December 31, 2019

	Appropriations		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and wages	\$ 115,000.00	\$ 115,000.00	\$ 111,549.19	\$ 3,450.81
Other expenses	189,200.00	189,200.00	188,658.75	541.25
Capital Improvements:				
Capital outlay	40,000.00	40,000.00	40,000.00	
Deferred charges and statutory expenditures:				
Social security system (O.A.S.I.)	11,400.00	11,400.00	11,400.00	
Unemployment compensation insurance	1,400.00	1,400.00	1,400.00	
	<u>\$ 357,000.00</u>	<u>\$ 357,000.00</u>	<u>\$ 353,007.94</u>	<u>\$ 3,992.06</u>
Reference	D-2	D-2	1-D	D

Sewer Utility Fund

Exhibits

Township of Clark
County of Union, New Jersey
Sewer Utility Fund

Comparative Balance Sheets - Regulatory Basis

	Reference	December 31,	
		2019	2018
Assets			
Operating Fund:			
Cash	1-E	\$ 1,787,449.76	\$ 1,349,933.68
Consumer accounts receivable	2-E	122,067.48	98,507.85
Total Operating Fund		1,909,517.24	1,448,441.53
Capital Fund:			
Cash	1-E	453,965.97	269,632.30
Fixed capital	E	1,537,628.76	1,537,628.76
Total Capital Fund		1,991,594.73	1,807,261.06
		\$ 3,901,111.97	\$ 3,255,702.59
Liabilities, reserves and fund balance			
Operating Fund:			
Liabilities:			
Appropriation reserves	E-3, 3-E	\$ 21,087.76	\$ 113,812.54
Accounts payable	3-E	72,832.69	
Encumbrance payable	E-3	46,347.16	72,832.69
Reserve for accrued interest on bonds	9-E	1,750.00	2,334.00
Sewer fee overpayments	4-E	665.51	2,115.58
		142,683.12	191,094.81
Reserve for receivables	E	122,067.48	98,507.85
Fund balance	E-1	1,644,766.64	1,158,838.87
Total Operating Fund		1,909,517.24	1,448,441.53
Capital Fund:			
Serial bonds payable	10-E	300,000.00	400,000.00
Reserve for capital outlay	5-E	453,965.97	269,632.30
Reserve for amortization	11-E	1,237,628.76	1,137,628.76
Total Capital Fund		1,991,594.73	1,807,261.06
		\$ 3,901,111.97	\$ 3,255,702.59

There were no bonds and notes authorized but not issued at December 31, 2019 and 2018.

See accompanying notes to financial statements.

Township of Clark
County of Union, New Jersey
Sewer Utility Fund

Comparative Statements of Operations and Changes in Fund Balances - Regulatory Basis

	Reference	Year ended December 31	
		2019	2018
Revenues and other income realized:			
Fund Balance Utilized	E-2		\$ 78,244.00
Sewer Fees	E-2	\$ 3,784,394.17	3,632,006.03
Miscellaneous revenue	E-2	40,371.16	37,503.51
Other credits to income:			
Unexpended balance of appropriation reserves	3-E	111,173.44	79,356.55
Total revenues and other income		3,935,938.77	3,827,110.09
Expenditures:			
Operating	E-3	2,993,595.00	2,847,160.00
Capital Outlay	E-3	350,000.00	700,000.00
Debt Service	E-3	106,416.00	111,084.00
Total expenditures		3,450,011.00	3,658,244.00
Excess in revenue/statutory excess to fund balance		485,927.77	168,866.09
Fund balance:			
Balance, January 1	E	1,158,838.87	1,618,216.78
		1,644,766.64	1,787,082.87
Decreased by:			
Utilized as anticipated revenue			78,244.00
Appropriated in Current Fund Budget			550,000.00
Balance, December 31	E	\$ 1,644,766.64	\$ 1,158,838.87

See accompanying notes to financial statements.

Township of Clark
 County of Union, New Jersey
 Sewer Utility Fund

Statement of Revenues - Operating Fund - Regulatory Basis

Year ended December 31, 2019

	Reference	Budgeted Revenue	Realized	Excess
Sewer fees	E-1,1-E,2-E	\$ 3,450,011.00	\$ 3,784,394.17	\$ 334,383.17
Miscellaneous	E-1,1-E		40,371.16	40,371.16
		<u>\$ 3,450,011.00</u>	<u>\$ 3,824,765.33</u>	<u>\$ 374,754.33</u>
	<u>Reference</u>	E-3	E-1	

Township of Clark
 County of Union, New Jersey
 Sewer Utility Fund

Statement of Expenditures - Operating Fund - Regulatory Basis

Year ended December 31, 2019

	Appropriations		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 340,000.00	\$ 340,000.00	\$ 340,000.00	
Other expenses:				
Rahway Valley Sewer Authority	2,148,595.00	2,148,595.00	2,148,595.00	
Miscellaneous	505,000.00	505,000.00	483,912.24	\$ 21,087.76
Capital Outlay	350,000.00	350,000.00	350,000.00	
Bond Principal	100,000.00	100,000.00	100,000.00	
Interest on Bonds	6,416.00	6,416.00	6,416.00	
	<u>\$ 3,450,011.00</u>	<u>\$ 3,450,011.00</u>	<u>\$ 3,428,923.24</u>	<u>\$ 21,087.76</u>
Reference	E-2	E-2	Below	E

Analysis of paid or charged:

Cash disbursed	1-E	\$ 3,376,160.08
Reserve for accrued interest on bonds	9-E	6,416.00
Encumbrances	E	46,347.16
	Above	<u>\$ 3,428,923.24</u>

General Fixed Assets Account Group

Exhibit

Township of Clark
County of Union, New Jersey
General Fixed Assets Account Group

Comparative Balance Sheets - Regulatory Basis

	December 31,	
	2019	2018
Fixed Assets		
Land and Land Improvements	\$ 5,457,805.00	\$ 5,457,805.00
Construction in Progress	1,487,488.00	-
Buildings and Building Improvements	7,334,986.00	7,287,883.00
Machinery and Equipment	8,599,153.00	8,046,213.00
	\$ 22,879,432.00	\$ 20,791,901.00
 Reserve		
Investment in General Fixed Assets	\$ 22,879,432.00	\$ 20,791,901.00

See accompanying notes to financial statements.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

1. Summary of Significant Accounting Policies

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 of Clark ("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 the municipal library or the local school district, inasmuch as their activities are administered by separate boards.

Description of Funds

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification recognizes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States ("GAAP").

The accounting policies of the Township conform to the accounting principles applicable to municipalities, which have been 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 financial transactions and accounts of the Township are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operations of a specific government activity. As required by the Division, the Township accounts for its financial transactions through the following individual funds and account group:

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.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

1. Summary of Significant Accounting Policies – (Continued)

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.

Swim Pool Utility Operating and Capital Funds – account for the operation and acquisition of capital facilities of the municipally-owned swimming pool.

Sewer Utility Operating and Capital Funds – account for the operation and acquisition of capital facilities of the municipally-owned sewer utility.

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. All fixed assets are valued at historical cost.

Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from GAAP applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues – are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the encumbrance accounting system. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory appropriation reserve balance. GAAP requires expenditures in the Current Fund 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 Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

1. Summary of Significant Accounting Policies – (Continued)

Appropriation Reserves – unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis. Appropriation reserves are not established under GAAP.

Encumbrances – contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Deferred Charges – the 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 Current Fund, Swim Pool Utility Fund or Sewer Utility Fund balance sheets. 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.

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 Current Fund and the remaining obligations be recorded as a long-term obligation.

Foreclosed Property – is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value at the date of acquisition.

Sale of Municipal Assets – the proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

1. Summary of Significant Accounting Policies – (Continued)

Interfunds – the advances from the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies – the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP does not require the establishment of an offsetting reserve.

Fixed Capital – Swim Pool and Sewer Utility – the property and equipment purchased by the Swim Pool Utility Fund and Sewer Utility Fund are recorded in its capital account at cost and is adjusted for dispositions and abandonments. The amount reported for reserve for amortization of fixed capital acquired on the balance sheet of the Swim Pool Utility and Sewer Utility Capital Funds represent the aggregate charges (capital outlay and debt service) to the operating budget and reserve for capital outlay for the costs of the acquisitions of property and equipment and proceeds from grants-in-aid. The Swim Pool Utility and Sewer Utility do not record depreciation of property and equipment.

GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by the Swim Pool Utility and Sewer Utility Fund.

Fixed Assets – Current Fund and General Capital Fund – the property and equipment purchased by the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are capitalized in the General Fixed Assets Account Group.

Insurance Claims – Insurance claims incurred are not recorded as a liability but would be recorded as a liability under GAAP.

Length of Service Award Program (LOSAP) – the Division does not require the LOSAP to be included as part of the balance sheet of the Trust Fund in the regulatory basis financial statements of the Township. GAAP requires the inclusion of such information to be recorded in the financial statements.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense – the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. Since the Township does not follow generally accepted accounting principles, the GASBs did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASBs (See Note 7 for additional information).

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

1. Summary of Significant Accounting Policies – (Continued)

Other Post-Employment Benefits Other Than Pensions - The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* OPEB that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of this liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow generally accepted accounting principles, the GASB did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB. See Note 8 for additional information.

Regulatory Basis Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the basic 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 schedules. This practice differs from GAAP.

Length of Service Award Program (LOSAP)

The Division does not require the LOSAP to be included as part of the balance sheet of the Trust Fund in the regulatory basis financial statements of the Township. GAAP requires the inclusion of such information to be recorded in the financial statements.

Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Recently Issued Accounting Principles

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has reviewed the requirements of the Statement and does not believe it has any impact on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021. Management has not determined the impact of the statement on the financial statements.

Township of Clark
Notes to Financial Statements
Years ended December 31, 2019 and 2018

1. Summary of Significant Accounting Policies – (Continued)

Subsequent Events

The Township has reviewed and evaluated all events and transactions from December 31, 2019 through June 25, 2020, the date that the financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at December 31, 2019 have been recognized in the accompanying financial statements.

Subsequent to December 31, 2019, the COVID-19 (coronavirus) pandemic has resulted in substantial economic volatility on a global scale. As a result, the Township of Clark's economically sensitive revenues (i.e. property taxes, interest earnings, fees, state and federal aid, Swim Pool Utility membership fees) might be negatively impacted. Collection rates on real property taxes might be slowed as unemployment rates are expected to spike. Meanwhile, the Township of Clark's expenditures for public safety and health service functions and pension benefits (due to stock market declines) would all be expected to increase sharply. Credit markets may tighten and interest rates could fluctuate. None of these factors were taken into consideration in the development of the 2020 adopted budget. Federal and State assistance to mitigate this volatility has not yet been established or confirmed. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Township of Clark's financial position at this time.

On February 18, 2020, ordinance 20-10 was adopted authorizing a special emergency appropriation in the amount of \$500,000 for a program of revaluation of property.

On April 6, 2020, bond ordinance 20-11 was adopted appropriating \$750,000 for General Capital Road Improvements and bond ordinance 20-12 was adopted appropriating \$200,000 for General Capital Park Improvements.

2. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

2. Deposits and Investments – (Continued)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less. Investments are stated at cost, which approximates fair value.

As of December 31, 2019 and 2018, cash and cash equivalents of the Township consisted of certificates of deposit and demand deposit accounts. The carrying amount of the Township's deposits at December 31, 2019 was \$21,939,171.45 (excludes petty cash) and the bank balance was \$22,085,532.84. Of this amount, \$500,000.00 was covered by federal depository insurance and the remaining \$21,410,320.76 was covered by a collateral pool maintained by the bank as required by New Jersey Statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA"). \$175,212.08 held in the Township agency account is not covered by GUDPA.

The carrying amount of the Township's deposits at December 31, 2018 was \$12,972,164.12 (excludes petty cash) and the bank balance was \$13,670,670.50. Of this amount, \$500,000.00 was covered by federal depository insurance and the remaining \$13,009,732.38 was covered by a collateral pool maintained by the bank as required by New Jersey Statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA"). \$160,938 held in the Township agency account is not covered by GUDPA.

GASB Statement No. 40 requires that the Township disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the Township would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the Township. The Township does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the Township's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Township. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the Township to purchase the following types of securities.

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

2. Deposits and Investments – (Continued)

- c. Bonds and other obligations of the Township or bonds or other obligations of school districts, which are part of the Township or school districts located within the Township.
- d. Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase that are approved by the New Jersey Department of Treasury Division of Investments.

Custodial Credit Risk: All of the Township's investments are insured or registered in the Township's name or held by an entity as its agent in the Township's name. The Township does not have a policy for custodial credit risk for its investments.

Concentration of Credit Risk: The Township places no limit on the amount the Township may invest in any one issuer.

Credit Risk: The Township does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. Government or investments guaranteed by the U.S. Government.

Interest Rate Risk: The Township does not have a policy to limit interest rate risk, however, its practice is typically to invest in investments with short maturities.

During 2019 and 2018, the Township had no investments.

3. School Debt

The Township of Clark Board of Education is a Type II School District. As such, the members of the Board of Education are elected by the citizens of the Township and school appropriations are set by a Board of Education. Bonds and notes authorized by voter referendum to finance capital expenditures are general obligations of the Board of Education and, as such, are reported on the statement of net position of the Board of Education.

4. Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general municipal capital expenditures. All bonds issued by the Township are general obligations bonds backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

4. Long-Term Debt – (Continued)

Summary of Municipal Debt (excluding Type II School Debt)

The Township's debt is summarized as follows:

	<u>2019</u>	<u>2018</u>
Issued:		
General:		
Bonds and notes	\$ 24,600,000.00	\$17,835,000.00
Sewer Utility:		
Bonds and notes	300,000.00	400,000.00
Total issued	<u>24,900,000.00</u>	<u>18,235,000.00</u>
Less:		
Deduction for Reserve for Debt Service	2,433.06	877.51
	<u>24,897,566.94</u>	<u>18,234,122.49</u>
Authorized but not issued:		
General:		
Bonds and notes	2,158,000.00	24,698.10
Net bonds and notes issued and authorized but not issued	<u>\$ 27,055,566.94</u>	<u>\$18,258,820.59</u>

Summary of Statutory Debt Condition (Annual Debt Statement)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.97%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General debt	\$ 26,758,000.00	\$ 2,433.06	\$26,755,566.94
School debt	10,160,000.00	10,160,000.00	-
Sewer Utility debt	300,000.00	300,000.00	-
	<u>\$37,218,000.00</u>	<u>\$10,462,433.06</u>	<u>\$26,755,566.94</u>

Net debt \$26,755,566.94 divided by equalized valuation basis per N.J.S. 40A:2-2, as amended, \$2,745,699,474 equals 0.97%.

Township of Clark
Notes to Financial Statements

Years ended December 31, 2019 and 2018

4. Long-Term Debt – (Continued)

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

Equalized valuation basis* - December 31, 2019	\$ 2,745,699,474.00
3 1/2% of equalized valuation basis	\$ 96,099,481.59
Net debt	26,755,566.94
Remaining borrowing power	\$ 69,343,914.65

* Equalized valuation basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township of the last three (3) preceding years.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Year	General		Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,950,000.00	\$ 571,250.00	\$100,000.00	\$ 5,000.00	\$ 2,626,250.00
2021	2,150,000.00	528,000.00	100,000.00	3,000.00	2,781,000.00
2022	2,150,000.00	482,750.00	100,000.00	1,000.00	2,733,750.00
2023	2,150,000.00	437,500.00			2,587,500.00
2024	2,150,000.00	392,250.00			2,542,250.00
2025-2029	8,050,000.00	1,220,625.00			9,270,625.00
2030-2034	4,200,000.00	547,500.00			4,747,500.00
2035-2036	1,800,000.00	67,500.00			1,867,500.00
	\$24,600,000.00	\$4,247,375.00	\$300,000.00	\$ 9,000.00	\$29,156,375.00

The Township has two serial bond issues outstanding in the general capital fund and one in the sewer utility capital fund at December 31, 2019.

On October 1, 2019, the Township issued \$11,200,000 of General Improvement Bonds to fund outstanding bond anticipation notes and unfunded improvement authorizations. The bonds were issued with an interest rate of 2.50%. The annual principal payments are due through October 1, 2036. The bond issue interest is recorded on the cash basis for general debt. The annual principal payments range from \$450,000 through \$900,000.

On March 15, 2017, the Township issued \$15,100,000 of General Improvement Bonds and \$500,000 of Sewer Utility Bonds to fund outstanding bond anticipation notes and unfunded improvement authorizations. The bonds were issued with interest rates ranging from 1.50% to 3.00%. The annual principal payments are due through March 15, 2027. The bond issue interest is recorded on the cash basis for general debt. The annual principal payments range from \$1,500,000 through \$1,700,000.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

4. Long-Term Debt – (Continued)

Bond anticipation notes were issued in the General Capital Fund at an interest rate of 1.75% and matured on October 4, 2019. At December 31, 2019 and 2018, there were notes outstanding of \$0 and \$3,000,000.00, respectively.

5. Fund Balances Appropriated

The following fund balances at December 31, 2019 were appropriated in the 2020 budget:

Current Fund	\$2,160,000.00
Swim Pool Utility Operating Fund	30,600.00

The following fund balances at December 31, 2018 were appropriated in the 2019 budget:

Current Fund	\$1,500,000.00
Swim Pool Utility Operating Fund	30,200.00

6. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes collected in advance – Taxes collected in advance are recorded as cash liabilities in the financial statements are as follows:

	<u>2019</u>	<u>2018</u>
Prepaid taxes	\$ 399,394.41	\$ 316,632.80

7. Pension Plans

Description of Systems:

Substantially, all Township employees participate in the following contributory defined benefit public employee retirement systems, which have been established by State statute: the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS). This system is sponsored and administered by the State of New Jersey. The PERS and PFRS plans are cost-sharing multiple-employer defined benefit pension plan.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

Public Employees' Retirement System (PERS):

The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members.

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 24 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for the PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Police and Firemen's Retirement System (PFRS):

The Police and Firemen's Retirement System (PFRS) was established in June 1944 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members.

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for the PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

Funding Policy:

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, the PERS and PFRS bill the Township annually at an actuarially determined rate for its required contribution. The current rate is 7.50% and 10.00%, respectively, of annual covered payroll. The contribution requirements of plan members and the Township are established and may be amended by the Board of Trustees of the respective plan. The Township's contributions to the PERS for the years ended December 31, 2019, 2018 and 2017 were \$480,616.00, \$470,885.00 and \$443,363.00, respectively, equal to the required contributions for each year. The Township's contributions to the PFRS for the years ended December 31, 2019, 2018 and 2017 were \$957,260.00, \$1,011,306.00 and \$911,200.00 respectively, equal to the required contributions for each year.

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

Public Employee's Retirement System (PERS)

At December 31, 2019 and 2018, the Township's liability for its proportionate share of the net pension liability was \$9,311,412.00 and \$9,966,935.00, respectively. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Township's proportion was 0.0516770012 percent, which was an increase of 0.0010564412 from its proportion measured as of June 30, 2018.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 929,779.00	\$ 3,231,962.00
Net difference between projected and actual earnings on pension plan investments		146,984.00
Changes in proportion	344,692.00	
Difference between expected and actual experience	167,128.00	41,134.00
Township contributions subsequent to the measurement date	252,091.50	
	<u>\$ 1,693,690.50</u>	<u>\$ 3,420,080.00</u>

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,642,386.00	\$ 3,186,896.00
Net difference between projected and actual earnings on pension plan investments	263,069.00	96,490.00
Changes in proportion	190,071.00	
Difference between expected and actual experience		51,993.00
Township contributions subsequent to the measurement date	240,308.00	
	<u>\$ 2,335,834.00</u>	<u>\$ 3,335,379.00</u>

\$252,091.50 and \$240,308.00 as of December 31, 2019 and 2018, respectively, are reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows, if the financial statements were prepared in accordance with generally accepted accounting principles:

Year ended December 31:

2020	\$ (142,675.00)
2021	(755,252.00)
2022	(740,298.00)
2023	(311,373.00)
2024	(28,883.00)
	<u>\$ (1,978,481.00)</u>

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increase through 2026	2.00 - 6.00%
Thereafter	based on years of service 3.00 - 7.00%
Investment rate of return	based on years of service 7.00%

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

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

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increase through 2026	1.65 - 4.15%
Thereafter	based on age 2.65 - 5.15%
Investment rate of return	based on age 7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Mortality Rates

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

Long-Term Rate of Return

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

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

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

Discount rate

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

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. 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 as of December 31, 2019 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 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	At 1% decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
Township's proportionate share of the net pension liability	\$ 11,761,826.00	\$ 9,311,412.00	\$ 7,246,591.00

The following presents the Township's proportionate share of the net pension liability as of December 31, 2018 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	At 1% decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
Township's proportionate share of the net pension liability	\$ 12,532,272.00	\$ 9,966,935.00	\$ 7,814,781.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Township of Clark
Notes to Financial Statements
Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616.00
Deferred inflows of resources	\$ 7,645,087,574.00
Net pension liability	\$ 18,143,832,135.00
Township's Proportion	0.0516770012%

Collective balances of the Local Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 4,684,852,302.00
Deferred inflows of resources	\$ 7,646,736,226.00
Net pension liability	\$ 19,689,501,539.00
Township's Proportion	0.0506205600%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 and June 30, 2018 were \$974,471,686.00 and \$1,099,708,157.00, respectively.

The average of the expected remaining service lives of all plan members is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

Police and Firemen's Retirement System (PFRS)

At December 31, 2019 and 2018, the Township's liability for its proportionate share of the net pension liability was \$13,405,802.00 and \$13,772,630.00, respectively. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Township's proportion was 0.1095440444 percent, which was an increase of 0.0077631704 from its proportion measured as of June 30, 2018.

Township of Clark
Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

At December 31, 2019, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 459,356.00	\$ 4,332,632.00
Net difference between projected and actual earnings on pension plan investments		181,644.00
Changes in proportion	1,268,998.00	1,538,742.00
Difference between expected and actual experience	113,162.00	84,875.00
Township contributions subsequent to the measurement date	553,258.00	
	\$ 2,394,774.00	\$ 6,137,893.00

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,182,195.00	\$ 3,529,687
Net difference between projected and actual earnings on pension plan investments		75,349.00
Changes in proportion	729,084.00	2,176,443.00
Difference between expected and actual experience	140,119.00	56,994.00
Township contributions subsequent to the measurement date	478,630.00	
	\$ 2,530,028.00	\$ 5,838,473.00

\$553,258.00 and \$478,630.00 are reported as deferred outflows of resources as of December 31, 2019 and 2018, respectively, related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows, if the financial statements were prepared in accordance with generally accepted accounting principles:

Year ended December 31:

2020	\$	(894,383.00)
2021		(1,608,811.00)
2022		(1,128,404.00)
2023		(544,779.00)
2024		(120,000.00)
	\$	(4,296,377.00)

Township of Clark
Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increase through all future years	3.25 - 15.25% based on years of service
Investment rate of return	7.00%

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

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increase through 2026	2.10 - 8.98% based on age
Thereafter	3.10 - 9.98% based on age
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

Long-Term 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.70%
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%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate

The following presents the Township's proportionate share of the net pension liability as of December 31, 2019 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 (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

	At 1% decrease (5.85%)	At current discount rate (6.85%)	At 1% increase (7.85%)
Township's proportionate share of the net pension liability	\$ 18,119,759.00	\$ 13,405,802.00	\$ 9,504,323.00

The following presents the Township's proportionate share of the net pension liability as of December 31, 2018 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 (5.51 percent) or 1-percentage-point higher (7.51 percent) than the current rate:

	At 1% decrease (5.51%)	At current discount rate (6.51%)	At 1% increase (7.51%)
Township's proportionate share of the net pension liability	\$ 18,432,956.00	\$ 13,772,630.00	\$ 9,928,710.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Firemen's Retirement System.

Township of Clark
Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,198,936,924.00
Deferred inflows of resources	\$ 4,874,748,912.00
Net pension liability	\$ 14,170,193,618.00
 Township's Proportion	 0.1095440444%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$1,325,963,796.00.

Collective balances of the Local Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 1,988,215,695.00
Deferred inflows of resources	\$ 4,286,994,294.00
Net pension liability	\$ 15,369,699,278.00
 Township's Proportion	 0.1017808740%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,270,762,352.00.

The average of the expected remaining service lives of all plan members is 5.92, 5.73, 5.59, 5.58, 5.53, and 6.17 years for 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

Special Funding Situation

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

7. Pension Plans – (Continued)

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2019 and 2018 is 0.1095440444% and 0.1017808740%, respectively, and the non-employer contributing entities' contribution for the year ended June 30, 2019 and 2018 was \$142,629.00 and \$110,796.00, respectively. The State's proportionate share of the net pension liability attributable to the Township for the year ended December 31, 2019 and 2018 was \$2,116,802.00 and \$1,870,784.00, respectively.

8. Postemployment Benefits Other Than Pensions (OPEB)

Plan description and benefits provided

The Township participates in the State Health Benefit Local Government Retired Employees Plan (Plan), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the State of New Jersey Division of Pension and Benefits. The Plan covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan provides medical and prescription drug coverage to retirees and their covered dependents. Rules governing the operation and administration of the program are found in Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999. Additional information about the Plan is available from the State of New Jersey, Division of Pensions and Benefits Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions.financial-reports.shtml>.

Plan Description: The Township contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Plan Coverage: All active employees, including their dependents, are eligible to participate in the SHBP, upon completion of a sixty day waiting period. Retirees with twenty five years or more of active service with the Township are also eligible to participate in the SHBP.

Funding Policy: Participating employers contractually contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

8. Postemployment Benefits Other Than Pensions (OPEB) – (Continued)

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Township on a monthly basis. Eligible employees and retirees have the option of choosing from six medical benefit plans (NJ Direct15, NJ Direct10, Aetna, Freedom10, Aetna Freedom15, Aetna HMO or Horizon HMO) with rates ranging from \$781.63 for a single participant to \$2,357.88 for family coverage.

The Township's contributions to SHBP for post-retirement benefits for the years ended December 31, 2019, 2018, and 2017 were \$1,044,278.00, \$1,723,924.00 and \$1,674,044.00, respectively, which equaled the required contributions for each year.

OPEB Liabilities and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019 and 2018, the Township's liability for its proportionate share of the net OPEB liability was \$22,287,893.00 and \$27,683,541.00, respectively. The net OPEB liability as of December 31, 2019 was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. The net OPEB liability as of December 31, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The Township's proportion of the net OPEB liability was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating local governments, actuarially determined. At December 31, 2019 and 2018, the Township's proportion was 0.164534 and 0.176704 percent, respectively, and had 184 participating members at December 31, 2019.

At December 31, 2019, the Township's deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		\$ 7,898,333.00
Net difference between projected and actual earnings on OPEB plan investments	\$ 18,359.00	
Differences between expected and actual experience		6,517,849.00
Changes in proportion	390,022.00	4,640,207.00
	<u>\$ 408,381.00</u>	<u>\$ 19,056,389.00</u>

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

8. Postemployment Benefits Other Than Pensions (OPEB) – (Continued)

At December 31, 2018, the Township's deferred outflow of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 453,544.00	\$ 7,022,293.00
Net difference between projected and actual earnings on OPEB plan investments	14,630.00	
Differences between expected and actual experience		5,620,746.00
Changes in proportion		2,646,963.00
	<u>\$ 468,174.00</u>	<u>\$ 15,290,002.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in OPEB expense as follows, if the financial statements were prepared in accordance with generally accepted accounting principles:

Year Ended December 31:

2020	\$ (3,087,786.00)
2021	(3,087,787.00)
2022	(3,089,311.00)
2023	(3,091,824.00)
2024	(3,089,177.00)
2025	(2,129,502.00)
2026	(1,029,758.00)
2027	(42,863.00)
	<u>\$ (18,648,008.00)</u>

Township of Clark
Notes to Financial Statements

Years ended December 31, 2019 and 2018

8. Postemployment Benefits Other Than Pensions (OPEB) – (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actual assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

*Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actual assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary increase through 2026	1.65% to 8.98%
	based on age
Thereafter	2.65% to 9.98%
	based on age

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

8. Postemployment Benefits Other Than Pensions (OPEB) – (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 “General” and “Safety” Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” and “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” and “Safety” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after seven years.

Sensitivity of the Township’s proportionate share of the net OPEB liability to changes in the discount rate and healthcare cost trend rate

The following presents the Township’s proportionate share of the net OPEB liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the Township’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	At 1% decrease (2.50%)	At current discount rate (3.50%)	At 1% increase (4.50%)
Township's proportionate share of the net OPEB liability	\$ 25,770,474.06	\$ 22,287,893.00	\$ 19,457,835.58

The following presents the Township’s proportionate share of the net OPEB liability as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the Township’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	At 1% decrease (2.87%)	At current discount rate (3.87%)	At 1% increase (4.87%)
Township's proportionate share of the net OPEB liability	\$ 32,480,112.70	\$ 27,683,541.00	\$ 23,852,165.78

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

8. Postemployment Benefits Other Than Pensions (OPEB) – (Continued)

The following presents the Township’s proportionate share of the net OPEB liability as of June 30, 2019 calculated using healthcare cost trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a health care trend rate that is 1-percentage-point lower (percent) or 1-percentage-point higher (percent) than the current rate:

	At 1% decrease	At Current Health Care Trend Rate	At 1% increase
Township's proportionate share of the net OPEB liability	\$ 18,808,235.02	\$ 22,287,893.00	\$ 26,726,782.53

The following presents the Township’s proportionate share of the net OPEB liability as of June 30, 2018 calculated using healthcare cost trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% decrease	At Current Health Care Trend Rate	At 1% increase
Township's proportionate share of the net OPEB liability	\$ 23,092,511.86	\$ 27,683,541.00	\$ 33,625,014.90

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14, and 8.04 years for the 2019, 2018, and 2017 amounts, respectively.

9. Compensated Absences

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Township’s liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$949,539.00 and \$802,753.00 as of December 31, 2019 and 2018. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. As of December 31, 2019 and 2018, \$818,470.97 and \$718,470.97, respectively, was set aside in a trust fund reserve for the payment of compensated absences. The Township appropriated \$100,000 in its 2020 and 2019 adopted budgets for accrued sick and vacation liabilities.

Township of Clark

Notes to Financial Statements

Years ended December 31, 2019 and 2018

10. Tax Appeals

There are several tax appeals pending before the State Tax Court of New Jersey requesting a reduction of assessments for the year 2019 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues, through the establishment of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Township has made a provision from tax revenues, in the amount of \$698,397.58 for these appeals in the event that the tax reductions are granted. In accordance with the National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, the Township charges to current fund operations or a reduction of current tax collections, all state board judgments rendered during the year which will be paid from expendable available resources. The Township's share of the County taxes paid on any successful tax appeal would result in appropriate reductions applied against the County tax levy of the following year.

11. Commitments and Contingencies

The Township receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes.

Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2019, the Township estimates that no material liabilities will result from such audits.

The Township is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

12. Risk Management

The Township has established a self-insurance program that enables the governing body of the local unit to provide insurance coverage for its exposure to a wide variety of property and liability casualty risks. The Township self-insures for professional liability, general liability and workers' compensation exposures up to \$100,000.00 per occurrence. The Township participates in a Joint Insurance Fund ("JIF"), which currently serves as administrator of the Township's insurance program. The joint insurance pool is a public utility risk pool currently operating as a common risk management and insurance program for municipalities in New Jersey. The JIF covers all Township claims in excess of \$100,000.00 per occurrence and is funded by Township budget appropriations to pay for premiums that are assessed annually. The JIF is expected to be self-sustaining through member premiums, of which the Township portion is reported as expenditure in the Township's financial statements. In addition, the Township is not aware of any claims pending that have a demand in excess of these coverages. There have been no settlements, which exceeded insurance coverage for each of the past three fiscal years.

Township of Clark
Notes to Financial Statements

Years ended December 31, 2019 and 2018

12. Risk Management – (Continued)

The audit report for the fiscal year ended December 31, 2019 was not available as of the date of this report. Selected, summarized information for the NJMSIJIF as of December 31, 2018 and 2017 (latest information available) is as follows:

	<u>2018</u>	<u>2017</u>
Total Assets	<u>\$ 11,713,999.00</u>	<u>\$ 11,463,725.00</u>
Fund Surplus	<u>\$ 5,335,257.00</u>	<u>\$ 5,139,663.00</u>
Total Revenues	<u>\$ 2,953,247.00</u>	<u>\$ 2,792,342.00</u>
Total Expenses	<u>\$ 2,757,653.00</u>	<u>\$ 1,806,885.00</u>
Net Income for the Year Ended December 31, 2018 and 2017	<u>\$ 195,594.00</u>	<u>\$ 985,457.00</u>

13. Deferred Compensation

The Township of Clark offers its employees a Deferred Compensation Plan, created in accordance with the provisions of N.J.S. 43:15B-1 et.seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The “Small Business Job Protective Act of 1996” revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The administrators for the Township of Clark Deferred Compensation Plan are MetLife and Lincoln Financial.

The plan’s assets are not the property of the Township and therefore are not presented in the financial statements. As of December 31, 2019 and 2018, the funds held in trust amounted to \$2,018,119.00 and \$1,965,370.00, respectively.

Current and Grant Fund
Schedules

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Cash Receipts and Disbursements

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 6,281,304.58
Increased by receipts:		
Taxes receivable	3-A	65,915,429.17
Revenue accounts receivable	6-A	3,425,078.77
Miscellaneous revenue not anticipated	A-2	306,808.74
State of New Jersey senior citizens and veterans deductions	4-A	145,703.77
Prepaid taxes	10-A	399,394.41
Tax overpayments	11-A	38,187.14
Construction Code Fees - Due State	7-A	5,561.00
		<u>70,236,163.00</u>
Decreased by disbursements:		
2019 appropriations	A-3	21,227,369.15
2018 appropriation reserves	8-A	349,038.88
County taxes	14-A	14,340,414.08
Added taxes due County	13-A	48,493.40
Local district school taxes	9-A	33,364,348.00
Tax overpayments	11-A	38,074.02
Tax appeals	12-A	1,602.42
Refund of prior year revenue	A-1	4,495.34
Marriage Licenses - Due State	7-A	700.00
		<u>700.00</u>
Balance, December 31, 2019	A	<u>\$ 7,142,932.29</u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Cash Receipts and Disbursements - Grant Fund

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 12,928.08
Increased by Receipts:		
Grants Receivable	15-A	170,082.27
Unappropriated Grants	17-A	23,077.90
Matching Funds for Grants	16-A	<u>3,263.00</u>
		209,351.25
Decreased by Disbursements:		
Appropriated Grants Paid	16-A	<u>172,129.52</u>
Balance, December 31, 2019	A	<u><u>\$ 37,221.73</u></u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Year ended December 31, 2019

Year	Balance December 31, 2018	2019 Levy	Added	2018 Collections	2019 Collections	State Share of Veteran and Senior Citizens	Cancelled	Transferred to Tax Title Liens	Balance December 31, 2019
2018	\$ 582,669.23		\$ 15,700.18	\$	\$ 598,369.41				
	582,669.23		15,700.18		598,369.41				
2019	\$ 582,669.23	\$ 66,417,107.00	\$ 15,700.18	\$ 316,632.80	\$ 65,317,059.76	\$ 145,429.80	\$ 155,681.69	\$ 848.38	\$ 481,554.57
	A	Below	Below, 10-A	Below, 10-A	1-A, Below	4-A, Below	5-A	A	

Reference

Reference

Collected in 2019	Above	\$	65,317,059.76
Collected in 2018	Above		316,632.80
Senior citizens and veterans deductions (net)	Above		145,429.80
	A-2	\$	65,779,122.36

Analysis of 2019 tax levy

Tax yield:			
General purpose tax	\$	66,193,495.29	
Added and omitted taxes		223,611.71	
(54:4-63.1 et seq.)	\$	66,417,107.00	
	Above		
Tax levy:			
Local district school tax (abstract)	A-1,9-A	\$	33,364,348.00
County tax (abstract)	A-1,14-A		14,340,414.08
Due County for added and omitted			48,493.40
taxes (54:4-63.1 et seq.)	A-1,13-A		47,753,255.48
	A-2		
Local tax for municipal purposes (abstract)	A-2		18,495,171.00
Additional tax levied	Above	\$	168,680.52
		\$	66,417,107.00

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Due From State of New Jersey -
Senior Citizens and Veterans Deductions

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 2,009.59
Increased by:		
Senior citizens and veterans deductions levy per tax duplicate	Below	148,000.00
Senior citizens and veterans deductions allowed by tax collector	Below	<u>2,750.00</u>
		152,759.59
Decreased by:		
Cash received	1-A	145,703.77
Senior citizens deductions disallowed by tax collector	Below	<u>5,320.20</u>
Balance, December 31, 2019	A	<u>\$ 1,735.62</u>
Analysis of realized revenue		
Senior citizens and veterans deductions per tax billing	Above	\$ 148,000.00
Senior citizens and veterans deductions allowed by tax collector - 2019	Above	<u>2,750.00</u>
		150,750.00
Senior citizens and veterans deductions disallowed - 2019 taxes	Above	<u>5,320.20</u>
	3-A	<u>\$ 145,429.80</u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Tax Title Liens

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 21,328.01
Increased by:		
Transferred from taxes receivable	3-A	<u>848.38</u>
Balance, December 31, 2019	A	<u><u>\$ 22,176.39</u></u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Revenue Accounts Receivable

Year ended December 31, 2019

	Reference	Balance December 31, 2018	Accrued in 2019	Received	Balance December 31, 2019
Licenses:					
Alcoholic beverages	A-2		\$ 29,396.00	\$ 29,396.00	
Other	A-2		6,707.00	6,707.00	
Fees and permits	A-2		217,826.70	217,826.70	
Fines and costs:					
Municipal court	A-2	\$ 17,954.01	278,163.25	275,658.24	\$ 20,459.02
Interest and costs on taxes	A-2		129,960.33	129,960.33	
Interest on investments and deposits	A-2		185,860.69	185,860.69	
Consolidated municipal property tax relief aid	A-2		34,635.00	34,635.00	
Energy receipts tax (P.L. 1977, Chapters 162 and 167)	A-2		1,753,892.00	1,753,892.00	
Uniform construction code	A-2		415,097.00	415,097.00	
Board of education - trash removal	A-2		33,412.50	33,412.50	
Uniform fire safety act	A-2		53,869.87	53,869.87	
CableTV franchise fee	A-2		72,983.52	72,983.52	
Omnipoint cell tower rental	A-2		61,627.50	61,627.50	
Hotel tax	A-2		154,152.42	154,152.42	
		<u>\$ 17,954.01</u>	<u>\$ 3,427,583.78</u>	<u>\$ 3,425,078.77</u>	<u>\$ 20,459.02</u>
Reference	A			A-2, 1-A	A

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Due to State of New Jersey

Year ended December 31, 2019

	<u>Reference</u>	<u>Total</u>	<u>Construction Code Fees</u>	<u>Marriage Licenses</u>
Balance, December 31, 2018	A	\$ 700.00	\$ -	\$ 700.00
Increased by:				
Cash receipts	1-A	5,561.00	5,561.00	-
		6,261.00	5,561.00	700.00
Decreased by:				
Cash disbursements	1-A	700.00	-	700.00
Balance, December 31, 2019	A	<u>\$ 5,561.00</u>	<u>\$ 5,561.00</u>	<u>\$ -</u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of 2018 Appropriation Reserves

Year ended December 31, 2019

	Balance December 31, 2018	Balance After Transfer	Expended	Balance Lapsed
General Government:				
Department of administration				
Business administration				
Other expenses	\$ 8,115.64	\$ 8,452.95	\$ 2,347.32	\$ 6,105.63
Mayor's office				
Salaries and wages	29,999.96	29,999.96		29,999.96
Other expenses	1,292.43	1,292.43		1,292.43
Township council				
Other expenses	11,100.02	16,100.02	5,000.00	11,100.02
Township clerk				
Salaries and wages	2,990.00	2,990.00		2,990.00
Other expenses	2,356.48	2,737.48	392.27	2,345.21
Elections				
Salaries and wages	0.62	0.62		0.62
Other expenses	1,425.26	1,425.26		1,425.26
Department of revenue and finance				
Directors office				
Salaries and wages	2,000.00	2,000.00		2,000.00
Other expenses	2,025.56	2,025.56	90.00	1,935.56
Division of revenue				
Collection of taxes				
Salaries and wages	1,000.00	1,000.00		1,000.00
Other expenses	340.15	340.15	63.41	276.74
Department of assessment				
Assessments of taxes				
Salaries and wages	4,410.43	4,410.43		4,410.43
Other expenses	9,233.78	9,233.78		9,233.78
Department of law				
Salaries and wages	48,201.20	53,201.20	5,355.00	47,846.20
Department of engineering				
Other expenses	56,960.00	56,960.00	8,562.50	48,397.50
Planning board - municipal land use law (NJSA 40:550-1)				
Salaries and wages	255.00	255.00		255.00
Other expenses	14,655.78	14,655.78		14,655.78
Board of adjustment				
Salaries and wages	381.00	381.00		381.00
Other expenses	464.05	464.05		464.05
Code enforcement				
Salaries and wages	2,116.69	2,116.69		2,116.69
Other expenses	9,905.90	9,905.90	5,108.47	4,797.43
Group insurance for employees				
Life insurance	6,268.20	6,268.20		6,268.20
Disability insurance	9,279.63	9,279.63		9,279.63
Employee group health	264,715.55	264,715.55	(536.00)	265,251.55
Health benefit waiver	5,611.00	5,611.00		5,611.00
Police				
Salaries and wages	178,091.18	178,091.18	42,613.91	135,477.27
Other expenses	14,802.20	21,759.84	14,082.35	7,677.49
Emergency management services				
Salaries and wages	871.96	871.96		871.96
Other expenses	44.04	7,222.36	7,191.98	30.38
Fire				
Salaries and wages	22,658.59	22,658.59		22,658.59
Other expenses	1,151.51	13,735.10	13,404.98	330.12
Fire hydrant services	40,767.63	40,767.63	40,767.63	
Uniform fire safety act				
Fire official				
Salaries and wages	3,438.23	3,438.23		3,438.23
Other expenses	3,454.09	3,454.09		3,454.09
Buildings and grounds				
Salaries and wages	4,302.04	4,302.04		4,302.04
Other expenses	2,998.85	10,330.72	10,145.72	185.00
Shade Tree				
Other expenses	5,000.00	5,000.00		5,000.00
Bureau of health				
Salaries and wages	5,049.43	5,049.43		5,049.43
Other expenses	11,312.36	11,312.36	567.30	10,745.06

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of 2018 Appropriation Reserves

Year ended December 31, 2019

	Balance December 31, 2018	Balance After Transfer	Expended	Balance Lapsed
Bureau of roads, road repair and maintenance				
Salaries and wages	\$ 84,561.18	\$ 84,561.18		\$ 84,561.18
Other expenses	37,715.31	52,615.46	\$ 25,617.61	26,997.85
Department of senior citizens affairs				
Salaries and wages	5,757.08	5,757.08		5,757.08
Other expenses	5,042.95	5,042.95	41.06	5,001.89
Services of visiting nurse - contractual	2,758.50	2,758.50	1,101.50	1,657.00
Department of recreation				
Salaries and wages	5,431.68	5,431.68		5,431.68
Other expenses	309.37	994.85	218.84	776.01
Celebration of public events	5,378.62	6,678.62	1,300.00	5,378.62
Street lighting	84,365.53	84,365.53	60,775.56	23,589.97
Municipal court				
Salaries and wages	29,744.61	29,744.61		29,744.61
Other expenses	867.09	2,929.74	2,062.65	867.09
Division of Code Enforcement				
Unclassified				
Grass collection	20,400.00	20,400.00		20,400.00
Leaf collection	53,851.80	53,851.80	53,631.60	220.20
Recycling	32,910.24	35,850.24	2,794.80	33,055.44
Clean Up	368.70	368.70		368.70
Municipal Services Act	32,511.86	32,511.86	11,590.38	20,921.48
Environmental commission				
Other expenses	100.00	100.00		100.00
Utilities	918.78	918.78	918.78	
Telephone - all departments	3,953.01	3,953.01		3,953.01
Gas - diesel	29,992.81	29,992.81	4,035.73	25,957.08
STATUTORY EXPENDITURES:				
Contribution to:				
Social security system (O.A.S.I.)	67,872.90	67,872.90	29,794.41	38,078.49
Public employees retirement system	0.89	0.89		0.89
Maintenance of 911:				
Salaries and wages	326.62	326.62		326.62
Other expenses	1,858.86	1,993.76	(0.88)	1,994.64
Interlocal Municipal Service Agreements				
Trash removal - Clark Board of Ed.	2,784.93	2,784.93		2,784.93
	<u>\$ 1,298,829.76</u>	<u>\$ 1,365,622.67</u>	<u>\$ 349,038.88</u>	<u>\$ 1,016,583.79</u>
Reference	Below	Below	1-A	A-1

Appropriation Reserves, Dec. 31, 2018	A	\$ 1,298,829.76
Encumbrances, Dec. 31, 2018	A	66,792.91
	Above	<u>\$ 1,365,622.67</u>

Township of Clark
 County of Union, New Jersey
 Current Fund

Schedule of Local District School Tax

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ -
Increased by:		
Tax levy year 2019	A-1, 3-A	<u>33,364,348.00</u>
		33,364,348.00
Decreased by:		
Payments	1-A	<u>33,364,348.00</u>
Balance, December 31, 2019	A	<u><u>\$ -</u></u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Prepaid Taxes

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 316,632.80
Increased by:		
Cash received	1-A	399,394.41
		<u>716,027.21</u>
Decreased by:		
Applied to 2019 taxes receivable	3-A	316,632.80
		<u>316,632.80</u>
Balance, December 31, 2019	A	<u><u>\$ 399,394.41</u></u>

Schedule of Tax Overpayments

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 38,074.02
Increased by:		
Overpayments received in 2019	1-A	38,187.14
		<u>76,261.16</u>
Decreased by:		
Cash disbursed	1-A	38,074.02
		<u>38,074.02</u>
Balance, December 31, 2019	A	<u><u>\$ 38,187.14</u></u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Reserve for Tax Appeals

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ 700,000.00
Decreased by:		
Cash disbursed	1-A	<u>1,602.42</u>
Balance, December 31, 2019	A	<u>\$ 698,397.58</u>

Schedule 13-A

Schedule of Due to County for Added and Omitted Taxes

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ -
Increased by county share of 2019 levy:		
Added taxes (R.S. 54:4-61 et. Seq.)	A-1, 3-A	<u>48,493.40</u>
		48,493.40
Decreased by:		
Cash disbursed	1-A	<u>48,493.40</u>
Balance, December 31, 2019	A	<u>\$ -</u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of County Taxes Payable

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	A	\$ -
Increased by:		
2019 levy (including county open space)	A-1, 3-A	<u>14,340,414.08</u>
		14,340,414.08
Decreased by:		
Cash disbursed	1-A	<u>14,340,414.08</u>
Balance, December 31, 2019	A	<u><u>\$ -</u></u>

Township of Clark
County of Union, New Jersey
Current Fund

Schedule of Grants Receivable-Grant Fund

Year ended December 31, 2019

<u>Grant</u>	Balance December 31, 2018	2019 Budget Revenue Realized	2019 Received	Cancelled	Balance December 31, 2019
Body Armor		\$ 4,139.95	\$ 4,139.95		
Clean Communities		31,351.97	31,351.97		
Drunk Driving Enforcement		4,484.83	4,484.83		
Union County Infrastructure		50,000.00	50,000.00		
Greening Union County		3,500.00			\$ 3,500.00
Level the Playing Field	\$ 25,470.00		25,470.00		
Recycling Tonnage		8,614.06	8,614.06		
Drive Sober	5,500.00		5,225.00	\$ 275.00	
Kids Recreation Trust Fund	30,000.00		30,000.00		
Municipal Alliance Grant	12,328.00	13,053.00	10,796.46	1,531.54	13,053.00
Total	\$ 73,298.00	\$ 115,143.81	\$ 170,082.27	\$ 1,806.54	\$ 16,553.00
Reference	A	A-2	2-A	16-A	A

Township of Clark
 County of Union, New Jersey
 Current Fund

Schedule of Reserve for Grant Expenditures - Appropriated - Grant Fund

Year ended December 31, 2019

<u>Grant</u>	Balance December 31, 2018	Transferred from 2019 Budget Appropriations			Cash Disbursed	Balance December 31, 2019
		Budget	Appropriation By 40A:4-87	Cancelled		
Body Armor	\$ 2,196.23		\$ 4,139.95		\$ 1,874.40	\$ 4,461.78
Clean Communities			31,351.97		31,351.97	
Union County Infrastructure Grant			50,000.00		50,000.00	
Level the Playing Fields	25,470.00				25,470.00	
Greening Union County			3,500.00		3,500.00	
Recycling Enhancement	10,000.00				395.00	9,605.00
Drunk Driving Enforcement	8,893.45		4,484.83		2,925.09	10,453.19
Municipal Alliance	5,871.40	\$ 16,316.00		\$ 1,531.54	14,479.00	6,176.86
Drive Sober	3,795.00			275.00	3,520.00	
Kids Recreation	30,000.00				30,000.00	
Recycling Tonnage Grant			8,614.06		8,614.06	
	<u>\$ 86,226.08</u>	<u>\$ 16,316.00</u>	<u>\$ 102,090.81</u>	<u>\$ 1,806.54</u>	<u>\$ 172,129.52</u>	<u>\$ 30,696.83</u>

<u>Reference</u>	A	Below	Below	15-A	2-A	A
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Grants appropriated-budget	A-3	\$ 16,316.00				
Grants appropriated-Chapter 159s	A-2, A-3		102,090.81			
	A-3, 15-A		118,406.81			
Matching Funds - Budget	A-3, 2-A		3,263.00			
	A-3		<u>\$ 115,143.81</u>			

Township of Clark
 County of Union, New Jersey
 Current Fund

Schedule of Unappropriated Reserve for Grants - Grant Fund

Year ended December 31, 2019

<u>Grant</u>	Balance December 31, 2018	Increased by Cash Receipts	Balance December 31, 2019
Recycling Tonnage	\$ -	\$ 23,077.90	\$ 23,077.90
	<u>Reference</u>		
	A	2-A	A

Trust Fund

Schedules

Township of Clark
County of Union, New Jersey
Trust Fund

Schedule of Cash Receipts and Disbursements

Year ended December 31, 2019

	Reference	Animal Control	Other
Balance, December 31, 2018	B	\$ 4,377.52	\$ 3,011,112.07
Increased by receipts:			
Dog license fees	2-B	14,994.00	
Cat license fees	2-B	1,424.00	
Due to State of New Jersey	3-B	1,039.80	
Reserve for various trust deposits	4-B		1,800,093.15
Budget appropriation	2-B	21,000.00	
Miscellaneous	2-B	18.06	
		42,853.38	4,811,205.22
Decreased by disbursements:			
Expenditures under			
R.S.4:19-15.11	2-B	38,085.40	
Due to State of New Jersey	3-B	1,039.80	
Reserve for various trust deposits	4-B		1,665,301.46
		39,125.20	1,665,301.46
Balance, December 31, 2019	B	\$ 3,728.18	\$ 3,145,903.76

Township of Clark
County of Union, New Jersey
Trust Fund

Schedule of Reserve for Animal Control Fund Expenditures

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	B	\$ 4,377.52
Increased by:		
Dog license fees collected	1-B	14,994.00
Cat license fees collected	1-B	1,424.00
Budget appropriation	1-B	21,000.00
Miscellaneous	1-B	18.06
		<u>41,813.58</u>
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Cash disbursements	1-B	<u>38,085.40</u>
Balance, December 31, 2019	B	<u><u>\$ 3,728.18</u></u>
License fees collected:		
2018		\$ 14,742.00
2017		<u>13,550.00</u>
		<u><u>\$ 28,292.00</u></u>

AUDITOR'S NOTE

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

Township of Clark
 County of Union, New Jersey
 Trust Fund

Schedule of Due to State of New Jersey - Animal Control Fund

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	B	\$ -
Increased by:		
Cash receipts	1-B	<u>1,039.80</u> 1,039.80
Decreased by:		
Cash disbursements	1-B	<u>1,039.80</u>
Balance, December 31, 2019	B	<u><u>\$ -</u></u>

Township of Clark
County of Union, New Jersey
Other Trust Fund

Schedule of Reserve for Various Trust Deposits

Year ended December 31, 2019

	Balance December 31, 2018	Cash Receipts	Cash Disbursements	Balance December 31, 2019
Developers Escrow	\$ 92,694.38	\$ 53,415.66	\$ 16,250.00	\$ 129,860.04
Police Donations	3,154.58	5,750.00	6,940.16	1,964.42
Public Events - Donations	659.70	39,785.00	29,823.23	10,621.47
Recreation Trust	96,879.19	234,923.46	247,685.37	84,117.28
Reserve for LOSAP	61,137.03	60,000.00	42,650.00	78,487.03
Reserve for Insurance	26,657.77	2,097.60	328.04	28,427.33
Public Defender	16,116.83	11,774.34	10,049.92	17,841.25
Court POAA	1,049.00	70.00		1,119.00
Reserve for Tax Sale Premium	324,787.37	723,459.45	556,514.28	491,732.54
Compensated Absences	718,470.97	100,000.00		818,470.97
Forfeited Funds	2,256.14	20,714.60	7,000.00	15,970.74
Housing Trust	391,708.08	114,513.90		506,221.98
Developers Escrow	791,462.58	127,725.19	252,369.34	666,818.43
Unemployment	39,568.18	12,061.40	33,553.04	18,076.54
Insurance	305,849.78	293,802.55	454,270.23	145,382.10
Payroll	3,632.47		2,478.37	1,154.10
Agency	135,028.02		5,389.48	129,638.54
	<u>\$ 3,011,112.07</u>	<u>\$ 1,800,093.15</u>	<u>\$ 1,665,301.46</u>	<u>\$ 3,145,903.76</u>
Reference	B	1-B	1-B	B

General Capital Fund

Schedules

Township of Clark
County of Union, New Jersey
General Capital Fund

Schedule of Cash Receipts and Disbursements

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	C	\$ 1,954,690.49
Increased by cash receipts:		
Bond Anticipation notes issued	7-C	5,430,000.00
Bonds Issued	8-C	11,200,000.00
Capital improvement fund	5-C	515,000.00
Budget Appropriation	4-C	924,698.10
Reserve for Debt Service	C	1,555.55
Premium on notes issued	C-1	598.00
Board of Education Contribution - Turf Athletic Field (#1)	4-C	75,000.00
Soccer Club - contribution	C-1	40,000.00
State aid receivable	10-C	333,000.00
Bond Sale - Test Deposit	C-1	1.01
		<u>20,474,543.15</u>
Decreased by cash disbursements:		
Bond Anticipation notes paid	7-C	8,430,000.00
Improvement authorizations	9-C	<u>2,762,344.92</u>
Balance, December 31, 2019	C	<u><u>\$ 9,282,198.23</u></u>

Township of Clark
County of Union, New Jersey
General Capital Fund

Schedule of Analysis of General Capital Cash

	<u>Reference</u>	<u>Balance December 31</u>	
		<u>2019</u>	<u>2018</u>
Capital improvement fund	5-C	\$ 3,853.50	\$ 56,853.50
State transportation aid receivable	C	(87,250.00)	(71,250.00)
Encumbrances payable	9-C	9,901,866.23	911,805.54
Reserve for debt service	C	2,433.06	877.51
Fund balance	C-1	9,659.68	64,760.67
Improvement Authorizations:			
04-04	William Robinson Historic Trust	19,115.32	19,470.42
15-18	Acquisition of Equipment	6,341.92	6,459.90
16-06	Downtown Village	9,421.95	14,066.11
16-07	2016 Road Program	8,443.23	24,021.87
17-01	Turf Soccer Field - Bartell Park	115,301.38	119,511.38
17-20	Turf Athletic Field	(108,180.41)	116,819.59
17-21	Bucket Truck - Public Works		(11,565.10)
17-21	Ambulance & Portable Radio's	1,733.00	
18-05	Fire Department Equipment	550.90	550.90
18-07	2018 Capital Road Improvement Program	233,141.30	529,731.33
18-14	Improvement of Lake Ave.	62,613.72	28,204.51
18-17	Public Safety Building		114,561.75
18-20	Public Works Equipment	(25,903.81)	21,196.19
18-20	Traffic Signal Upgrades		8,614.42
19-05	Parks & Recreation Improvements	(3,000.00)	
19-11	2019 Capital Road Program	153,154.78	
19-13	Improvement Of Meadow Road	36,084.88	
19-16	Public Safety Building	(1,077,333.89)	
19-19	Traffic Lights and Ancillary	3,110.83	
19-24	Turnout Gear & Computer	17,040.66	
	C	<u>\$ 9,282,198.23</u>	<u>\$ 1,954,690.49</u>

Township of Clark
County of Union, New Jersey
General Capital Fund

Schedule of Deferred Charges to Future Taxation-Funded

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	C	\$ 14,835,000.00
Increased by:		
Serial Bonds Issued	8-C	<u>11,200,000.00</u>
		26,035,000.00
Decreased by:		
Serial Bonds Paid	8-C	<u>1,435,000.00</u>
Balance, December 31, 2019	C	<u><u>\$ 24,600,000.00</u></u>

Township of Clark
 County of Union, New Jersey
 General Capital Fund

Schedule of Deferred Charges to Future Taxation-Unfunded

Year ended December 31, 2019

Ordinance Number	Improvements Authorization	Balance December 31, 2018	Funded by				Balance December 31, 2019	Analysis of Balance December 31, 2019	
			2019 Authorizations	Budget Appropriation	Bonds Issued	BOE Contribution		Expenditures	Unexpended Authorizations-Unfunded
General Improvements:									
17-20	Turf Athletic Field	\$ 623,250.00	\$ 323,250.00	\$ 75,000.00	\$ 225,000.00	\$ 108,180.41	\$ 116,819.59		
17-21	Ambulance & Portable Radio's	190,000.00	190,000.00						
17-21	Bucket Truck - Public Works	101,448.10	101,448.10						
18-07	2018 Capital Road Improvement Program	950,000.00	\$ 950,000.00						
18-14	Improvement of Lake Ave.	115,000.00	115,000.00						
18-17	Various Public Improvements	665,000.00		665,000.00					
18-20	Public Works / Traffic Signals	380,000.00	195,000.00	155,000.00		30,000.00		25,903.81	4,096.19
19-05	Parks & Recreation Improvements			187,000.00		3,000.00		3,000.00	
19-11	2019 Capital Road Program		\$ 1,235,000.00	1,235,000.00					
19-13	Improvement Of Meadow Road		151,000.00	151,000.00					
19-16/21	Public Safety Building		9,757,000.00	7,857,000.00		1,900,000.00		1,077,333.89	822,666.11
		\$ 3,024,698.10	\$ 11,333,000.00	\$ 924,698.10	\$ 11,200,000.00	\$ 2,158,000.00	\$ 1,214,418.11	\$ 943,581.89	
		C	6-C, 11-C	1-C	8-C	C	2-C	6-C	

Reference

Township of Clark
County of Union, New Jersey
General Capital Fund

Schedule of Capital Improvement Fund

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	C	\$ 56,853.50
Increased by:		
Budget appropriation	1-C	<u>515,000.00</u>
		571,853.50
Decreased by:		
Appropriated to finance improvement authorizations	6-C	<u>568,000.00</u>
Balance, December 31, 2019	C	<u><u>\$ 3,853.50</u></u>

Township of Clark
County of Union, New Jersey
General Capital Fund

Schedule of Improvement Authorizations

Year ended December 31, 2019

Ordinance Number	Improvements Authorization	Ordinance Date	Ordinance Amount	Balance December 31, 2018		2019 Authorizations	Encumbrance Cancelled	Paid or Charged	Balance December 31, 2019		
				Funded	Unfunded				Funded	Unfunded	
General Improvements											
04-04	William Robinson Historic Trust	07/19/04	\$ 186,000.00	\$ 19,470.42			\$	355.10	\$ 19,115.32		
15-18	Acquisition of Equipment	11/16/15	400,000.00	6,459.90				117.98	6,341.92		
16-06	Downtown Village	04/18/16	2,000,000.00	14,066.11				4,644.16	9,421.95		
16-07	2016 Road Program	05/16/16	1,470,000.00	24,021.87				15,578.64	8,443.23		
17-01	Turf Soccer Field - Bartell Park	02/06/17	680,000.00	119,511.38				4,210.00	115,301.38		
17-20	Turf Athletic Field	11/30/17	735,000.00		\$ 116,819.59					\$ 116,819.59	
17-21	Bucket Truck - Public Works	11/30/17	120,000.00	13,133.00				11,400.00	1,733.00		
18-05	Fire Department Equipment	02/20/18	25,000.00	550.90					550.90		
18-07	2018 Capital Roads	03/19/18	1,000,000.00		529,731.33			296,590.03	233,141.30		
18-14	Improvement of Lake Ave.	06/04/18	400,000.00		28,204.51		\$ 41,684.25	7,275.04	62,613.72		
18-17	Public Safety Building	07/16/18	700,000.00		114,561.75			114,561.75			
18-20	Public Works Equipment	08/20/18	328,000.00		21,196.19			17,100.00		4,096.19	
18-20	Traffic Signal Upgrades	08/20/18	72,000.00		8,614.42			8,614.42			
19-05	Parks & Recreation Improvements	03/18/19	200,000.00			\$ 200,000.00		200,000.00			
19-11	2019 Capital Road Program	04/01/19	1,300,000.00			1,300,000.00		1,146,845.22	153,154.78		
19-13	Improvement Of Meadow Road	05/06/19	500,000.00			500,000.00		463,915.12	36,084.88		
19-16/21	Public Safety Building	06/03/19	10,250,000.00			10,250,000.00		9,427,333.89		822,666.11	
19-19	Traffic Lights & Ancillary	10/09/19	22,000.00			22,000.00		18,889.17	3,110.83		
19-24	Turnout Gear & Computer	11/18/19	73,700.00			73,700.00		56,659.34	17,040.66		
				C	C	Below	9-C	9-C	C	C, 4-C	
				\$ 184,080.58	\$ 832,250.79	\$ 12,345,700.00	\$ 41,684.25	\$ 11,794,089.86	\$ 666,053.87	\$ 943,581.89	

Reference	Amount
4-C	\$ 11,333,000.00
5-C	568,000.00
10-C	349,000.00
C-1	95,700.00
Above	\$ 12,345,700.00

Township of Clark
 County of Union, New Jersey
 General Capital Fund

Schedule of Bond Anticipation Notes
 Year ended December 31, 2019

Ordinance No.	Description	Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2018	Increased by Notes issued	Decreased by Notes Repaid	Balance December 31, 2019
17-20	Synthetic Turf Field	10/5/2018	10/5/2018	10/4/2019	3.00%	\$ 623,250.00		\$ 623,250.00	
17-21	Communications & Signal System	10/5/2018	10/5/2018	10/4/2019	3.00%	266,750.00		266,750.00	
18-07	2018 Capital Road Program	10/5/2018	10/5/2018	10/4/2019	3.00%	950,000.00		950,000.00	
18-14	Improvement of Lake Ave.	10/5/2018	10/5/2018	10/4/2019	3.00%	115,000.00		115,000.00	
18-17	Various Public Improvements	10/5/2018	10/5/2018	10/4/2019	3.00%	665,000.00		665,000.00	
18-20	Public Works / Traffic Signals	10/5/2018	10/5/2018	10/4/2019	3.00%	380,000.00		380,000.00	
19-05	Parks & Recreation Improvements	8/1/2019	8/1/2019	10/4/2019	1.75%		\$ 187,000.00	187,000.00	
19-11	2019 Capital Road Program	8/1/2019	8/1/2019	10/4/2019	1.75%		1,235,000.00	1,235,000.00	
19-13	Improvement Of Meadow Road	8/1/2019	8/1/2019	10/4/2019	1.75%		151,000.00	151,000.00	
19-16/21	Public Safety Building	8/1/2019	8/1/2019	10/4/2019	1.75%		3,857,000.00	3,857,000.00	
						\$ 3,000,000.00	\$ 5,430,000.00	\$ 8,430,000.00	\$ -
						C	1-C	1-C, 8-C	C
						<u>Reference</u>			

Township of Clark
County of Union, New Jersey
General Capital Fund

Schedule of General Serial Bonds
Year ended December 31, 2019

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2019			Interest Rate	Balance December 31, 2018	Increased by Serial Bonds Issued	Decreased by Serial Bonds Paid	Balance December 31, 2019
			Date	Amount						
Refunding	01/29/16	\$ 5,575,000.00				\$ 585,000.00		\$ 585,000.00		
General Improvement	03/15/17	15,100,000.00								
	03/15/20		\$ 1,500,000.00	2.00%						
	03/15/21		1,700,000.00	2.00%						
	03/15/22		1,700,000.00	2.00%						
	03/15/23		1,700,000.00	2.00%						
	03/15/24		1,700,000.00	2.00%						
	03/15/25		1,700,000.00	2.25%						
General Improvement	03/15/26		1,700,000.00	3.00%						
	03/15/27		1,700,000.00	3.00%		14,250,000.00		850,000.00	13,400,000.00	
	10/01/19	11,200,000.00		2.50%						
	10/01/20		450,000.00	2.50%						
	10/01/21		450,000.00	2.50%						
	10/01/22		450,000.00	2.50%						
	10/01/23		450,000.00	2.50%						
	10/01/24		450,000.00	2.50%						
	10/01/25		450,000.00	2.50%						
	10/01/26		450,000.00	2.50%						
	10/01/27		450,000.00	2.50%						
10/01/28		800,000.00	2.50%							
10/01/29		800,000.00	2.50%							
10/01/30		800,000.00	2.50%							
10/01/31		800,000.00	2.50%							
10/01/32		800,000.00	2.50%							
10/01/33		900,000.00	2.50%							
10/01/34		900,000.00	2.50%							
10/01/35		900,000.00	2.50%							
10/01/36		900,000.00	2.50%							
						\$ 11,200,000.00			11,200,000.00	
Reference						\$ 14,835,000.00	\$ 11,200,000.00	\$ 1,435,000.00	\$ 24,600,000.00	
						C	1-C, 3-C, 4-C	3-C	C	

Township of Clark
County of Union, New Jersey
General Capital Fund

Schedule of Encumbrances Payable

Year ended December 31, 2019

	<u>Reference</u>		
Balance, December 31, 2018	C		\$ 911,805.54
Increased by:			
Improvement authorizations charged	6-C		<u>11,794,089.86</u>
			12,705,895.40
Decreased by:			
Cash disbursements	1-C	\$ 2,762,344.92	
Encumbrances cancelled	6-C	<u>41,684.25</u>	<u>2,804,029.17</u>
Balance, December 31, 2019	C		<u><u>\$ 9,901,866.23</u></u>

Township of Clark
County of Union, New Jersey
General Capital Fund

Schedule of State Aid Receivable

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	C	\$ 71,250.00
Increased by:		
Grants awarded-2019 (Ord 19-13)	6-C	349,000.00
		<u>420,250.00</u>
Decreased by:		
Cash received	1-C	333,000.00
		<u>333,000.00</u>
Balance, December 31, 2019	C, Below	<u>\$ 87,250.00</u>
Analysis of balance		
D.O.T. grant:		
2019 Road Program (19-13)	Above	<u>\$ 87,250.00</u>

Township of Clark
 County of Union, New Jersey
 General Capital Fund

Schedule of Bonds and Notes Authorized but not Issued

Year ended December 31, 2019

Ordinance No.	Improvement Description	Balance December 31, 2018	Increased by 2019 Authorizations	Contributions	Note Repaid From Capital Cash	Bonds Issued	Balance December 31, 2019
17-20	Improvement to Synthetic Turf Field			\$ 75,000.00	\$ 300,000.00		\$ 225,000.00
17-21	Communications Equipment and Bucket Truck	\$ 24,698.10		24,698.10			
18-20	Public Works / Traffic Signals		\$ 190,000.00		30,000.00	\$ 187,000.00	30,000.00
19-05	Parks & Recreation Improvements		1,235,000.00			1,235,000.00	3,000.00
19-11	2019 Capital Road Program		151,000.00			151,000.00	
19-13	Improvement Of Meadow Road		9,757,000.00			7,857,000.00	1,900,000.00
19-16/21	Public Safety Building						
		\$ 24,698.10	\$ 11,333,000.00	\$ 99,698.10	\$ 330,000.00	\$ 9,430,000.00	\$ 2,158,000.00
		C	4-C	Below		8-C	C

Reference	Amount
4-C	\$ 75,000.00
Above	24,698.10
	<u>\$ 99,698.10</u>

Board of Education Contribution
 Budget Appropriation

Swim Pool Utility Fund

Schedules

Township of Clark
County of Union, New Jersey
Swim Pool Utility Funds

Schedule of Cash Receipts and Disbursements

Year ended December 31, 2019

	<u>Reference</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2018	D	\$ 81,019.90	\$ 7,465.50
Increased by receipts:			
Membership fees	D-2	291,475.00	
Miscellaneous	D-2	65,801.69	
		<u>438,296.59</u>	<u>7,465.50</u>
Decreased by disbursements:			
Budget appropriations	D-3	353,007.94	
Prior year appropriation reserves	2-D	2.62	
Improvement authorizations	6-D		5,980.00
Return of security deposit	D	1,000.00	
		<u>1,000.00</u>	
Balance, December 31, 2019	D	<u>\$ 84,286.03</u>	<u>\$ 1,485.50</u>

Analysis of Swim Pool Utility Capital Cash

		<u>2019</u>	<u>2018</u>
Reserve for capital outlay	D, 4-D	\$ 0.50	\$ 0.50
Improvement authorizations-Ordinance #18-16	D	1,485.00	7,465.00
		<u>\$ 1,485.50</u>	<u>\$ 7,465.50</u>

Township of Clark
 County of Union, New Jersey
 Swim Pool Utility Operating Fund

Schedule of 2018 Appropriation Reserves

Year ended December 31, 2019

	Reserved at December 31, 2018	Budget After Modification	Expended	Balance Lapsed
Operating:				
Salaries and Wages	\$ 32,541.13	\$ 32,541.13		\$ 32,541.13
Other expenses	4,688.47	4,747.29	\$ 2.62	4,744.67
	<u>\$ 37,229.60</u>	<u>\$ 37,288.42</u>	<u>\$ 2.62</u>	<u>\$ 37,285.80</u>
<u>Reference</u>	Below	Below	1-D	D-1
Appropriation Reserves, Dec. 31, 2018	D	\$ 37,229.60		
Encumbrances, Dec. 31, 2018	D	58.82		
	Above	<u>\$ 37,288.42</u>		

Township of Clark
 County of Union, New Jersey
 Swim Pool Utility Capital Fund

Schedule of Fixed Capital

Year ended December 31, 2019

	Balance December 31, 2018	Increased by Capital Outlay	Balance December 31, 2019
Construction	\$ 600,000.00		\$ 600,000.00
Swimming pool improvements	1,166,834.50	\$ 40,000.00	1,206,834.50
	<u>\$ 1,766,834.50</u>	<u>\$ 40,000.00</u>	<u>\$ 1,806,834.50</u>
Reference	D	D-3, 5-D	D

Schedule of Reserve for Capital Outlay

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2019 and 2018	D	<u>\$ 0.50</u>

Township of Clark
County of Union, New Jersey
Swim Pool Utility Capital Fund

Schedule of Reserve for Amortization

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 1,766,834.50
Increased by:		
Capital Outlay expenditures	D-3, 3-D	<u>40,000.00</u>
Balance, December 31, 2019	D	<u><u>\$ 1,806,834.50</u></u>

Township of Clark
 County of Union, New Jersey
 Swim Pool Utility Capital Fund

Schedule of Improvement Authorizations

Year ended December 31, 2019

Ordinance Number	Improvement Authorizations	Ordinance Date	Ordinance Amount	Balance		Paid or Charged	Balance		
				December 31, 2018 Funded	December 31, 2018 Funded		December 31, 2019 Funded	December 31, 2019 Funded	
18-16	Acquisition of Equipment	7/2/2018	\$ 7,465.00	\$	7,465.00	\$	5,980.00	\$	1,485.00
					D		1-D		D

Sewer Utility Fund

Schedules

Township of Clark
County of Union, New Jersey
Sewer Utility Fund

Schedule of Cash Receipts and Disbursements

Year ended December 31, 2019

	<u>Reference</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2018	E, Below	\$ 1,349,933.68	\$ 269,632.30
Increased by receipts:			
Budget appropriations transferred from Sewer Utility Operating Fund	5-E		184,333.67
Sewer fees	E-2,2-E	3,784,394.17	
Sewer fee overpayments	4-E	42,116.55	
Miscellaneous	E-2	40,371.16	
		<u>5,216,815.56</u>	<u>453,965.97</u>
Decreased by disbursements:			
Budget appropriations	E-3	3,376,160.08	
Interest on bonds	9-E	7,000.00	
Encumbrances payable	3-E	2,639.10	
Sewer fee overpayments	4-E	43,566.62	
		<u>3,429,365.80</u>	
Balance, December 31, 2019	E, Below	<u>\$ 1,787,449.76</u>	<u>\$ 453,965.97</u>
Analysis of Sewer Utility Capital Cash			
Reserve for capital outlay	Above	<u>\$ 453,965.97</u>	<u>\$ 269,632.30</u>

Township of Clark
 County of Union, New Jersey
 Sewer Utility Operating Fund

Schedule of Consumer Accounts Receivable

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	E	\$ 98,507.85
Increased by:		
Sewer Rents Levied	Reserved	<u>3,807,953.80</u>
		3,906,461.65
Decreased by:		
Collections	E-2,1-E	<u>3,784,394.17</u>
Balance, December 31, 2019	E	<u><u>\$ 122,067.48</u></u>

Township of Clark
County of Union, New Jersey
Sewer Utility Operating Fund

Schedule of 2018 Appropriation Reserves

Year ended December 31, 2019

	Balance December 31, 2018	Budget After Modification	Paid or Charged	Balance Lapsed
Operating:				
Miscellaneous	\$ 113,812.54	\$ 113,812.54	\$ 2,639.10	\$ 111,173.44
Capital Outlay	72,232.69	72,832.69	72,832.69	
	\$ 186,045.23	\$ 186,645.23	\$ 75,471.79	\$ 111,173.44

	<u>Reference</u>	Below	Below	Below	E-1
Cash Disbursed	1-E			\$ 2,639.10	
Transfer to Accounts Payable	E Above			72,832.69	
				\$ 75,471.79	
Appropriation Reserve	E		\$ 113,812.54		
Encumbrances	E Above		72,832.59		
			\$ 186,645.13		

Schedule 4-E

Township of Clark
County of Union, New Jersey
Sewer Utility Operating Fund

Schedule of Sewer Fee Overpayments

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	E	\$ 2,115.58
Increased by:		
Overpayments received	1-E	<u>42,116.55</u>
		44,232.13
Decreased by:		
Overpayments refunded	1-E	<u>43,566.62</u>
Balance, December 31, 2019	E	<u><u>\$ 665.51</u></u>

Schedule 5-E

Sewer Utility Capital Fund

Schedule of Reserve for Capital Outlay

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	E	\$ 269,632.30
Increased by:		
Budget appropriation	1-E	<u>184,333.67</u>
Balance, December 31, 2019	E	<u><u>\$ 453,965.97</u></u>

Township of Clark
County of Union, New Jersey
Sewer Utility Capital Fund

Schedule of Fixed Capital

Year ended December 31, 2019

Reference

Balance, December 31, 2019 and 2018	E	<u>\$ 1,537,628.76</u>
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Township of Clark
 County of Union, New Jersey
 Sewer Utility Capital Fund

Schedule of Reserve for Amortization

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	E	\$ 1,137,628.76
Increased by Payment of Bonds	8-E	<u>100,000.00</u>
Balance, December 31, 2019	E	<u><u>\$ 1,237,628.76</u></u>

Township of Clark
 County of Union, New Jersey
 Sewer Utility Capital Fund

Schedule of Bonds Payable

Year ended December 31, 2019

Ordinance No.	Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding - Dec. 31, 2019	Interest Rate	Balance December 31, 2018	Decreased by bonds paid	Balance December 31, 2019
16-04	Sanitary Sewer Replacement	03/15/17	\$ 500,000.00	3/15/20 3/15/21 3/15/22	2.00% 2.00% 2.00%	\$ 400,000.00	\$ 100,000.00	\$ 300,000.00
						\$ 400,000.00	\$ 100,000.00	\$ 300,000.00
						<u>E</u>	<u>E-3, 1-E, 7-E</u>	<u>E</u>
						Reference		

Township of Clark
County of Union, New Jersey
Sewer Utility Capital Fund

Schedule of Reserve for Accrued Interest on Bonds

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	E	\$ 2,334.00
Increased by Budget Appropriation	E-3	<u>6,416.00</u>
		8,750.00
Decreased by Cash Disbursed	1-E	<u>7,000.00</u>
Balance, December 31, 2019	E	<u><u>\$ 1,750.00</u></u>

Comments Section

Township of Clark
County of Union, New Jersey

Comments

Years ended December 31, 2019 and 2018

An audit of the financial accounts and transactions of the Township of Clark, County of Union, New Jersey ("Township") for the year ended December 31, 2019 and 2018, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Tax Collector and Treasurer, the activities of the Mayor and Township Council and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed.

Revenues and receipts tested were verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with auditing standards generally accepted in the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Contracts and Agreements Required to be Advertised By 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 (N.J.S. 40A:11-3), 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 therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

The system of records did not provide for an accumulation of payments by categories of materials or supplies, or related work or labor. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Township of Clark
County of Union, New Jersey

Comments (continued)

The examination of expenditures revealed no individual payments, contracts or agreements in excess of \$40,000.00 "for the performance of any work or the furnishing of labor materials and supplies or the hiring of teams or vehicles," other than 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:11-5.

Collection of Interest on Delinquent Taxes and Assessments

The governing body, on April 21, 1980 adopted a resolution pursuant to the provisions of R.S. 54:4-67, fixing the rate of delinquent taxes or assessments at 8% per annum on the first \$1,500.00 and a rate of 18% per annum on any amount in excess of \$1,500.00. On June 17, 1991, this was amended to add an additional penalty of 6% on delinquent taxes in excess of \$10,000.00. The Township adopts an annual resolution setting these interest rates.

An examination of the collector's records indicated that interest on delinquencies was calculated in accordance with the foregoing resolution, for items tested.

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax rate	<u>\$8.66</u>	<u>\$8.55</u>	<u>\$8.42</u>
Apportionment of tax rate:			
Municipal	\$2.30	\$2.26	\$2.23
Library	0.12	0.12	0.12
County	1.88	1.89	1.86
Local school	4.36	4.28	4.21
Net valuation taxable	<u>\$764,704,721</u>	<u>\$762,034,097</u>	<u>\$757,029,504</u>

Township of Clark
County of Union, New Jersey

Comments (continued)

Comparison of Tax Levies and Collections

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

Year	Tax Levy	Cash Collections	Percent of Collections
2019	\$ 66,417,107	\$ 65,779,122	99.04%
2018	65,386,931	64,697,320	98.95
2017	64,038,520	63,443,978	99.07

Delinquent Taxes and Tax Title Liens

The delinquent taxes contained in the following tabulation are inclusive in each case, of delinquent taxes of the current year's levy. This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2019	\$ 22,176	\$ 481,555	\$ 503,731	0.76%
2018	21,328	582,669	603,997	0.92
2017	20,276	509,190	529,466	0.83

Liens

The last tax sale was held on October 22, 2019 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of liens receivable on December 31, of the last three years:

Year	Number of Liens
2019	10
2018	10
2017	10

Township of Clark
County of Union, New Jersey

Comments (continued)

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2019 by foreclosure or deed, as a result of liquidation of tax title liens.

Equalized Valuations – Real Property

Year	Amount
2019	\$ 2,745,699,474
2018	2,728,191,261
2017	2,676,856,031

**Comparative Schedule of Sewer Utility Levies and Collections
For the Years Ended December 31, 2019, 2018 and 2017**

Year	Levies	Collections *
2019	\$ 3,807,954	\$ 3,784,394
2018	3,605,549	3,632,006
2017	3,609,528	3,581,488

*-Includes collection of prior year receivables.

Comparative Schedule of Fund Balances

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2019	\$ 4,427,012	\$ 2,160,000
	2018	3,862,285	1,500,000
	2017	2,302,714	775,000
Swim Pool Utility Operating Fund	2019	80,294	30,600
	2018	42,731	30,200
	2017	45,162	14,000
Sewer Utility Operating Fund	2019	1,644,767	-
	2018	1,158,839	-
	2017	1,618,217	78,244

Township of Clark
County of Union, New Jersey

Comments (continued)

Officials in Office and Surety Bonds

Name	Title	Amount of Bond
Sal Bonaccorso	Mayor	*
Patrick J. O'Connor	Council President	*
Steven M. Hund	Council Vice-President	*
Angel Albanese	Councilwoman	*
Alvin Barr	Councilman	*
Frank Mazarella	Councilman	*
William Smith	Councilman	*
Brian Toal	Councilman	*
John Laezza	Business Administrator	*
Loretta Caliguire	Tax Collector	**
Terance O'Neill	Chief Financial Officer	**
John DeSimone	Director of Public Safety	*
Edith Merkel	Township Clerk	*
Ralph Bernardo	Director of Recreation	*
Mark P. Dugan	Municipal Attorney	*
Michael Ross	Tax Assessor	*
Nancy Raymond	Health Officer	*
Richard O'Connor	Township Engineer	*
Michael Khoda	Plumbing Inspector	*
Agata Kozak	Court Administrator	*
Antonio Inacio	Judge	\$50,000
Michael Khoda	Construction Official	*
Pedro Matos	Police Chief	*
Frank Cerasa	Fire Chief	*

* Covered by \$1,000,000 Public Employees Blanket Bond-New Jersey Municipal Self Insurer's Joint Insurance Fund.

** Covered by \$1,000,000 Statutory Bond-Municipal Excess Liability Joint Insurance Fund.

Comments and Recommendations

Township of Clark

Comments and Recommendations

Year ended December 31, 2019

Local Public Contracts Law

During our testing of bids and quotes under the Local Public Contracts Law, we identified instances where the Township obtains the proper bids and/or quotes for services and materials, but at times will utilize the same vendor for such things as normal maintenance repairs that was not included in the original bid or quote.

We suggest the Township revise its process in the future to include a requirement that the vendor provide a rate for additional labor and materials that may be needed during the year.