

BOROUGH OF TAVISTOCK
COUNTY OF CAMDEN
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

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BOROUGH OF TAVISTOCK

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Tavistock
Tavistock, New Jersey 08033

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities and fund balance - regulatory basis of the Current Fund of the Borough of Tavistock, in the County of Camden, State of New Jersey, as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Tavistock, in the County of Camden, State of New Jersey, as of December 31, 2020 and 2019, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities and fund balance - regulatory basis of the Current Fund of the Borough of Tavistock, in the County of Camden, State of New Jersey, as of December 31, 2020 and 2019, and the results of its operations and changes in fund balance - regulatory basis for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis for the year ended December 31, 2020, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Other Information

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

The supplemental statements presented for the Current Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2021 on our consideration of the Borough of Tavistock, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Tavistock, in the County of Camden'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 Borough of Tavistock, in the County of Camden's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
July 2, 2021

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Tavistock
Tavistock, New Jersey 08033

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Tavistock, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated July 2, 2021. That report indicated that the Borough of Tavistock's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Tavistock's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
July 2, 2021

BOROUGH OF TAVISTOCK
 Current Fund
 Statements of Assets, Liabilities and Fund Balance - Regulatory Basis
 As of December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Cash	SA-1	\$ 48,789.81	\$ 62,783.48
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3&SA-4	\$ 5,648.72	\$ 15,200.04
Prepaid Taxes	SA-1	0.39	828.00
Payroll Deductions Payable	SA-5	2,112.63	1,956.96
		7,761.74	17,985.00
Fund Balance	A-1	41,028.07	44,798.48
		\$ 48,789.81	\$ 62,783.48

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

BOROUGH OF TAVISTOCK
 Current Fund
 Statements of Operations and Changes in Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 25,000.00	\$ 26,500.00
Miscellaneous Revenues Anticipated	2,585.00	2,585.00
Receipts from Current Tax Allocations	302,813.46	298,350.23
Non-Budget Revenue	1,703.01	2,498.29
Other Credits to Income:		
Cancellation of School Taxes	2,265.00	
Unexpended Balance of Appropriation Reserves	11,838.39	6,711.20
	<hr/>	<hr/>
Total Income	346,204.86	336,644.72
	<hr/>	<hr/>
<u>Expenditures</u>		
Budget Appropriations:		
Operations--Within "CAPS":		
Salaries and Wages	66,625.00	64,625.00
Other Expenses	70,147.49	76,121.68
Deferred Charges and Statutory Expenditures		
Municipal--Within "CAPS"	13,463.51	13,501.32
County Taxes	146,681.27	149,628.17
Local School District Taxes	28,058.00	23,526.00
Payment of Prior Year School Taxes		6,567.75
	<hr/>	<hr/>
Total Expenditures	324,975.27	333,969.92
	<hr/>	<hr/>
Excess in Revenues	21,229.59	2,674.80
<u>Fund Balance</u>		
Balance Jan. 1	44,798.48	68,623.68
	<hr/>	<hr/>
Decreased by:	66,028.07	71,298.48
Utilization as Anticipated Revenue	25,000.00	26,500.00
	<hr/>	<hr/>
Balance Dec. 31	\$ 41,028.07	\$ 44,798.48
	<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of Revenues - Regulatory Basis
 For the Year Ended December 31, 2020

	Anticipated <u>Budget</u>	Special <u>N.J.S. 40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	200.00		200.00	
Energy Receipts Tax Program	2,133.00		2,133.00	
Consolidated Municipal Property Tax Relief Act	252.00		252.00	
	<u>2,585.00</u>	-	<u>2,585.00</u>	-
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>127,951.00</u>	-	<u>128,074.19</u>	<u>123.19</u>
Budget Totals	155,536.00	-	155,659.19	123.19
Non-Budget Revenue	-	-	1,703.01	1,703.01
	<u>\$ 155,536.00</u>	<u>\$ -</u>	<u>\$ 157,362.20</u>	<u>\$ 1,826.20</u>

(Continued)

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of Revenues - Regulatory Basis
 For the Year Ended December 31, 2020

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 302,813.46
Allocated to:	
School and County Taxes	174,739.27
Balance for Support of Municipal Budget Appropriations	128,074.19
Add: Appropriation "Reserve for Uncollected Taxes"	-
Amount for Support of Municipal Budget Appropriations	\$ 128,074.19

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:	
JIF Safety Award	\$ 1,000.00
Other License Fees	100.00
Franchise Fee	78.01
Interest on Deposits	260.78
Miscellaneous	254.22
Marriage License Copies	10.00
	\$ 1,703.01

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

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS--WITHIN "CAPS"</u>					
<u>General Government</u>					
Municipal Clerk's Office					
Salaries and Wages	\$ 46,450.00	\$ 46,450.00	\$ 46,449.97	\$ 0.03	
Other Expenses	9,695.49	9,012.37	6,512.75	2,499.62	
Financial Administration					
Salaries and Wages	8,500.00	8,500.00	8,500.00		
Other Expenses	1,250.00	1,250.00	824.00	426.00	
Audit Services					
Other Expenses	7,200.00	7,200.00	7,200.00		
Revenue Administration (Collection of Taxes)					
Salaries and Wages	3,500.00	3,500.00	3,500.00		
Other Expenses	4.00	4.00		4.00	
Assessment of Taxes					
Salaries and Wages	2,200.00	2,200.00	2,200.00		
Other Expenses	100.00	100.00		100.00	
Legal Services and Costs					
Other Expenses	10,800.00	10,800.00	10,589.47	210.53	
Engineering Services and Costs					
Other Expenses	2,000.00	2,000.00		2,000.00	
Municipal Land Use Law (N.J.S.40:55d-1):					
Planning Board					
Other Expenses	5,300.00	5,300.00			\$ 5,300.00
Insurance					
General Liability	6,305.00	6,305.00	6,305.00		
Workers' Compensation	6,393.00	6,393.00	6,392.70	0.30	

(Continued)

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS -- WITHIN "CAPS" (CONT'D)</u>					
<u>Public Safety</u>					
Police					
Other Expenses	\$ 8,000.00	\$ 8,683.12	\$ 8,683.12		
Fire					
Other Expenses	5,000.00	5,000.00	5,000.00		
<u>Streets and Roads</u>					
Road Repairs and Maintenance					
Other Expenses	12,400.00	12,400.00	12,400.00		
<u>Health and Human Services</u>					
Public Health Services					
Salaries and Wages	5,975.00	5,975.00	5,975.00		
Street Lighting	1,000.00	1,000.00	720.05	\$ 279.95	
Total Operations -- Within "CAPS"	142,072.49	142,072.49	131,252.06	5,520.43	\$ 5,300.00
Detail:					
Salaries and Wages	66,625.00	66,625.00	66,624.97	0.03	-
Other Expenses	75,447.49	75,447.49	64,627.09	5,520.40	5,300.00

(Continued)

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2020

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
<u>MUNICIPAL -- WITHIN "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
New Jersey Unemployment Insurance	\$ 1.00	\$ 1.00		\$ 1.00	
Public Employee Retirement System	7,862.51	7,862.51	\$ 7,862.51		
Social Security System (O.A.S.I.)	5,600.00	5,600.00	5,472.71	127.29	
	<u>13,463.51</u>	<u>13,463.51</u>	<u>13,335.22</u>	<u>128.29</u>	<u>\$ -</u>
Total Deferred Charges and Statutory Expenditures -- Municipal--Within "CAPS"	<u>13,463.51</u>	<u>13,463.51</u>	<u>13,335.22</u>	<u>128.29</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within -- "CAPS"	<u>155,536.00</u>	<u>155,536.00</u>	<u>144,587.28</u>	<u>5,648.72</u>	<u>5,300.00</u>
Total General Appropriations	<u>\$ 155,536.00</u>	<u>\$ 155,536.00</u>	<u>\$ 144,587.28</u>	<u>\$ 5,648.72</u>	<u>\$ 5,300.00</u>
Disbursed			\$ 118,880.53		
Payroll Deductions Payable			<u>25,706.75</u>		
			<u>\$ 144,587.28</u>		

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

BOROUGH OF TAVISTOCK
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Tavistock (hereafter referred to as the "Borough") was incorporated as a Borough in 1921. The Borough, located in western Camden County, is approximately ten miles from the City of Philadelphia. The population according to the latest census is 5.

The Borough has a Mayor-Council form of government. The elected members of the governing body serve three-year terms.

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

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the Current Fund. This fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has no fixed assets and is not required to maintain a fixed asset reporting system as required by N.J.A.C. 5:30-5.6

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. The Borough has no foreclosed property.

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

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

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

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statements of assets, liabilities and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden and the Borough of Haddonfield School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough of Tavistock Board of Education was dissolved by the Governor of New Jersey in 2011. As a result, the Borough entered into a tuition agreement with the Borough of Haddonfield Board of Education to allow the Borough's students to attend the Haddonfield School District. The Borough is responsible for levying and collecting school taxes and remitting to the Borough of Haddonfield School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

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

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded. The Borough has no long-term debt.

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2020, the Borough's bank balance of \$48,829.70 was insured by the Federal Deposit Insurance Corporation.

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ 1.764	\$ 1.738	\$ 1.846	\$ 1.827	\$ 1.810
Apportionment of Tax Rate:					
Municipal	\$.746	\$.729	\$.711	\$.695	\$.682
County	.834	.852	.881	.879	.875
County Open Space Preservation					
Trust Fund	.020	.020	.021	.020	.020
Local School	.164	.137	.233	.233	.233

Note 3: PROPERTY TAXES (CONT'D)

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

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 17,166,296.00
2019	17,166,296.00
2018	17,166,296.00
2017	17,166,296.00
2016	17,166,296.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$ 302,813.46	\$ 302,813.46	100.00%
2019	298,350.23	298,350.23	100.00%
2018	316,889.82	316,889.82	100.00%
2017	313,628.22	313,628.22	100.00%
2016	310,709.96	310,709.96	100.00%

Note 4: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 41,028.07	\$ 22,000.00	53.62%
2019	44,798.48	25,000.00	55.81%
2018	68,623.68	26,500.00	38.62%
2017	63,091.84	22,000.00	34.87%
2016	54,912.27	22,000.00	40.06%

Note 5: PENSION PLANS

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

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

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

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

Note 5: PENSION PLANS (CONT'D)**Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 5: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The Borough's contractually required contribution rate for the year ended December 31, 2020 was 14.99% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$8,984.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$7,812.00, which was paid by April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$4,494.32.

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

No Borough employee participated in the Defined Contribution Retirement Program (DCRP).

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2020, the Borough's proportionate share of the PERS net pension liability was \$133,923.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Borough's proportion was 0.0008212444%, which was an increase of 0.0000181236% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Borough's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was (\$752.00). This (benefit) expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Borough's contribution to PERS was \$7,812.00, and was paid by April 1, 2020.

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2020, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between Expected and Actual Experience	\$ 2,439.00	\$ 474.00
Changes of Assumptions	4,345.00	56,075.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	4,578.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	8,297.00	4,378.00
Borough Contributions Subsequent to the Measurement Date	<u>4,492.00</u>	<u>-</u>
	<u><u>\$ 24,151.00</u></u>	<u><u>\$ 60,927.00</u></u>

Deferred outflows of resources in the amount of \$4,492.00 for PERS will be included as a reduction of the net pension liability during the year ending December 31, 2021. This amount was based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2020 to the Borough's year end of December 31, 2020.

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

Year Ending Dec 31,	
2021	\$ (18,462.00)
2022	(12,761.00)
2023	(6,760.00)
2024	(2,646.00)
2025	(639.00)
	<u>\$ (41,268.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

⁽¹⁾ based on years of service

Note 5: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Note 5: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 2.21% as of the June 30, 2020 measurement date 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 would be based on 78% of the actuarially determined contributions for the State 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. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 168,587.00</u>	<u>\$ 133,923.00</u>	<u>\$ 104,510.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 5: PENSION PLANS (CONT'D)**Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.0008212444%	0.0008031208%	0.0007917144%	0.0007636066%
Borough's Proportionate Share of the Net Pension Liability	\$ 133,923.00	\$ 144,710.00	\$ 155,885.00	\$ 177,755.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 59,428.00	\$ 57,076.00	\$ 55,600.00	\$ 52,900.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	225.35%	253.54%	280.37%	336.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0007558654%	0.0009712331%	0.0009602303%	0.0009104427%
Borough's Proportionate Share of the Net Pension Liability	\$ 223,866.00	\$ 218,022.00	\$ 179,781.00	\$ 174,004.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 52,000.00	\$ 67,000.00	\$ 66,400.00	\$ 62,800.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	430.51%	325.41%	270.75%	277.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note 5: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Borough's Contractually Required Contribution	\$ 8,984.00	\$ 7,812.00	\$ 7,875.00	\$ 7,074.00
Borough's Contribution in Relation to the Contractually Required Contribution	(8,984.00)	(7,812.00)	(7,875.00)	(7,074.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 59,924.00	\$ 58,840.00	\$ 56,707.00	\$ 54,925.00
Borough's Contributions as a Percentage of Covered Payroll	14.99%	13.28%	13.89%	12.88%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 6,715.00	\$ 8,350.00	\$ 7,916.00	\$ 6,860.00
Borough's Contribution in Relation to the Contractually Required Contribution	(6,715.00)	(8,350.00)	(7,916.00)	(6,860.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 52,675.00	\$ 52,417.00	\$ 66,850.00	\$ 66,400.00
Borough's Contributions as a Percentage of Covered Payroll	12.75%	15.93%	11.84%	10.33%

Note 5: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Note 6: RISK MANAGEMENT

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

Joint Insurance Pool - The Borough of Tavistock is a member of the Camden County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation including Employer's Liability
- General Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles

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

The Borough's agreement with the Fund provides that the Fund will be self-sustaining through member premiums.

Note 6: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Camden County Municipal Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The Borough was not required to reimburse the State for any benefits paid on its behalf in 2020, 2019 or 2018.

Note 7: SUBSEQUENT EVENTS

COVID-19 - As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the Borough. While the impact that COVID-19 will have is expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

The Federal American Rescue Plan Act of 2021 (the Act), was signed into law on March 11, 2021, was enacted to provide funding for COVID-19 pandemic response and recovery. Among the key elements of the Act is the Coronavirus Local Fiscal Recovery Fund (LFRF). All municipalities and counties will receive LFRF funds in two tranches, with the federal government releasing the second tranche next year. Municipalities and counties with populations greater than 50,000 will receive funds directly from the Federal government. Those municipalities and counties with populations less than 50,000 will receive their funds through their respective State. Since the Borough of Brooklawn's population is less than 50,000, LFRF funds will pass through the State of New Jersey.

The Borough has been allocated \$523.34 in LFRF funding with half of it to be received before December 31, 2021 and the other half before December 31, 2022.

The United States Department of Treasury (U.S. Treasury) has issued an Interim Final Rule regulating county and municipal use of LFRF funds. Permitted use of LFRF funds for municipalities and counties may be for one or more of the following purposes:

- Replacing lost public sector revenue
- Investing in water, sewer, and broadband infrastructure
- Providing premium pay for essential workers
- Supporting public health expenditures
- Addressing COVID-19 related negative economic impacts
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households

For expenditures outside of revenue replacement to be LFRF-eligible under the U.S. Treasury Interim Final Rule, costs must be incurred on or after March 3, 2021 but must be obligated no later than December 31, 2024. The "period of performance" will run until December 31, 2026 to allow recipients a reasonable amount of time to complete LFRF-funded projects.

The Borough has decided not to accept the LFRF funds..

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of Current Cash per N.J.S. 40A:5-5--Collector/ Treasurer
 For the Year Ended December 31, 2020

	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance Dec. 31, 2019	\$ 62,783.48	\$ -
Increased by Receipts:		
Taxes Receivable	\$ 301,985.46	
Consolidated Municipal Property Tax Relief Act	252.00	
Energy Tax Receipts	2,133.00	
Miscellaneous Revenue Not Anticipated	1,703.01	
Prepaid Taxes	0.39	
Revenue Accounts Receivable	<u>200.00</u>	
	<u>306,273.86</u>	
	369,057.34	-
Decreased by Disbursements:		
2020 Appropriations	118,880.53	
2019 Appropriation Reserves	3,361.65	
Payroll Deductions Payable	25,551.08	
School Taxes Payable	25,793.00	
County Taxes	<u>146,681.27</u>	
	<u>320,267.53</u>	
Balance Dec. 31, 2020	<u>\$ 48,789.81</u>	<u>\$ -</u>

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2020

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>2020 Levy</u>	<u>Collections</u>		<u>Balance</u> <u>Dec. 31, 2020</u>
			<u>2019</u>	<u>2020</u>	
2020	\$ -	\$ 302,813.46	\$ 828.00	\$ 301,985.46	\$ -

Analysis of 2020 Tax Levy

Tax Yield

General Purpose Tax \$ 302,813.46

Tax Levy

Local District School Tax \$ 28,058.00

County Taxes:

County Tax \$ 134,426.57

County Library Tax 8,802.03

County Open Space Tax 3,452.67

Total County Taxes 146,681.27

Local Tax for Municipal Purposes 127,951.00

Add: Additional Tax Levied 123.19

Local Tax for Municipal Purposes Levied 128,074.19

\$ 302,813.46

BOROUGH OF TAVISTOCK
Current Fund
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2020

	Accrued <u>in 2020</u>	Collected <u>2020</u>
Clerk:		
Licenses:		
Alcoholic Beverages	\$ 200.00	\$ 200.00

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of 2019 Appropriation Reserves
 For the Year Ended December 31, 2020

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Balance After</u> <u>Transfer</u>	<u>Disbursed</u>	<u>Balance</u> <u>Lapsed</u>
<u>OPERATIONS--WITHIN "CAPS"</u>				
<u>General Government</u>				
Municipal Clerks Office				
Salaries and Wages	\$ 0.04	\$ 0.04		\$ 0.04
Other Expenses	5,455.33	5,455.33	\$ 3,212.14	2,243.19
Financial Administration				
Other Expenses	446.00	446.00		446.00
Audit Services				
Other Expenses	450.00	450.00		450.00
Revenue Administration (Collection of Taxes)				
Other Expenses	4.00	4.00		4.00
Assessment of Taxes				
Other Expenses	100.00	100.00		100.00
Legal Services				
Other Expenses	381.42	381.42	13.14	368.28
Engineering Services and Costs				
Other Expenses	2,000.00	2,000.00		2,000.00
Municipal Land Use Law:				
Planning Board				
Other Expenses	5,300.00	5,300.00		5,300.00
<u>Public Safety</u>				
Police				
Other Expenses	42.76	42.76		42.76
Fire				
Other Expenses	242.77	242.77		242.77
<u>Streets and Roads</u>				
Road Repairs and Maintenance				
Other Expenses	342.77	342.77		342.77
<u>Utility Expenses and Bulk Purchases</u>				
Street Lighting	280.74	280.74	136.37	144.37
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
<u>MUNICIPAL -- WITHIN "CAPS"</u>				
Statutory Expenditures:				
Contribution to:				
New Jersey Unemployment Insurance	1.00	1.00		1.00
Social Security System (O.A.S.I.)	153.21	153.21		153.21
<hr/>				
Total General Appropriations for Municipal Purposes--Within "CAPS"	15,200.04	15,200.04	3,361.65	11,838.39
<hr/>				
Total General Appropriations	\$ 15,200.04	\$ 15,200.04	\$ 3,361.65	\$ 11,838.39
<hr/>				

BOROUGH OF TAVISTOCK
Current Fund
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2020

Balance Dec. 31, 2019	\$ 1,956.96
Increased by:	
Payroll Deductions	<u>25,706.75</u>
	27,663.71
Decreased by:	
Disbursements	<u>25,551.08</u>
Balance Dec. 31, 2020	<u><u>\$ 2,112.63</u></u>

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of Local District School Taxes
 For the Year Ended December 31, 2020

Levy - Calendar Year 2020		\$ 28,058.00
Decreased by:		
Payments	\$ 25,793.00	
Canceled	<u>2,265.00</u>	
		<u>\$ 28,058.00</u>

BOROUGH OF TAVISTOCK
 Current Fund
 Statement of County Taxes
 For the Year Ended December 31, 2020

2020 Tax Levy:		
County Tax		\$ 134,426.57
County Library Tax		8,802.03
County Open SpaceTax		<u>3,452.67</u>
		146,681.27
Decreased by:		
Disbursements		<u>\$ 146,681.27</u>

BOROUGH OF TAVISTOCK

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

BOROUGH OF TAVISTOCK
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

N/A – None

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BOROUGH OF TAVISTOCK
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

N/A - None

BOROUGH OF TAVISTOCK
 Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Joseph Del Duca	Mayor	
John A. Agliodoro	Councilperson to May 20, 2020	
Colin Mark-Allen	Councilperson	
Mindy Del Duca	Councilperson from May 26, 2020	
Denise Moules	Borough Clerk/Administrator/ Chief Financial Officer	(1)
Kristy Emmett	Tax Collector and Tax Search Officer	(1)
Matthew Gindele, Esq.	Solicitor	

(1) Surety bond coverage provided by the Camden County Municipal Joint Insurance Fund

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APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Kirk N. Applegate

Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

