

**TOWNSHIP OF HARDWICK  
COUNTY OF WARREN  
STATE OF NEW JERSEY**

**REPORT OF AUDIT  
DECEMBER 31, 2019**



TOWNSHIP OF HARDWICK

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**PART I**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

## **AUDITORS' REPORTS**





# **ARDITO & COMPANY LLC**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Township Committee  
Township of Hardwick  
County of Warren  
40 Spring Valley Road  
Blairstown, New Jersey 07825

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of

-Continued-

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 opinions.

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

As described in Note 1 to the financial statements, the Township prepares its financial statements in conformity with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting 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 Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity 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 its fund balances for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2019 and 2018, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the years then ended, in conformity with accounting principals and practices as described in Note 1 to the financial statements.

***Emphasis of Matter***

As described in Note 16 to the financial statements, in March 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" in response to the coronavirus outbreak, and New Jersey Governor Murphy has declared a state of emergency via Executive Order 103 on March 9, 2020 in response to the coronavirus outbreak. Given the uncertainty of the situation, the duration of any municipal operational disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

***Other Matters***

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements-regulatory basis. The supplementary information listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements-regulatory basis.

-Continued-

The supplementary information exhibits 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-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis 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-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the Supplementary information referred to above.

***Other Reporting Required by Government Auditing Standards***

In accordance with ***Government Auditing Standards***, we have also issued our report dated April 30, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Township's internal control over financial reporting and compliance.



Frenchtown, New Jersey  
April 30, 2020



Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & COMPANY LLC  
Frenchtown, New Jersey  
April 30, 2020

## **FINANCIAL STATEMENTS**

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 1

		<u>BALANCE</u>	<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/19</u>	<u>12/31/18</u>
<b>ASSETS</b>			
<b>Cash and Cash Equivalents:</b>			
Cash - Treasurer	A-4	\$ 1,990,186	\$ 1,693,582
<b>Subtotal</b>		<u>1,990,186</u>	<u>1,693,582</u>
<b>Receivables And Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-6	69,223	90,799
Tax Title Liens Receivable	A-7	-	-
Foreclosed Property	A-8	196,700	196,700
Due Animal Control Fund	B	-	-
<b>Subtotal</b>		<u>265,923</u>	<u>287,499</u>
<b>Deferred Charges:</b>			
Emergencies and Special Emergencies	A-23	-	182,000
<b>Subtotal - Current Fund</b>		<u>2,256,109</u>	<u>2,163,081</u>
<b>Federal And State Grant Fund:</b>			
Amount Due Current Fund	A	205,189	339,608
State Grants Receivable	A-19	<u>21,495</u>	<u>21,860</u>
<b>Subtotal</b>		<u>226,684</u>	<u>361,468</u>
<b>TOTAL ASSETS</b>		<u>\$ 2,482,793</u>	<u>\$ 2,524,549</u>

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

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 2

		<u>BALANCE</u>	<u>BALANCE</u>
		<u>12/31/19</u>	<u>12/31/18</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Appropriation Reserves	A-3:11	\$ 92,979	\$ 9,455
Encumbrances	A-10	-	698
Amount Due to Grants Fund	A	205,189	339,608
Amount Due to Other Trust Fund	B	12,562	13,285
Amount Due to Animal Control Fund	B	8,017	3,660
Amount Due to General Capital Fund	C	387,180	142,505
Taxes Collected In Advance	A-12	33,896	48,362
Tax Overpayments	A-13	1,839	6
County Taxes Payable	A-14	1,645	1,002
Local School Taxes Payable	A-15	211,232	131,215
Regional School Taxes Payable	A-16	246,972	436,684
Due Municipal Open Space Trust Fund	A-17	27,200	9,743
Senior Citizens and Veterans Deductions	A-18	449	949
Other Reserves	A-22	<u>41,184</u>	<u>55,590</u>
		1,270,344	1,192,762
Reserve For Receivables And Other Assets	A	265,923	287,499
Fund Balance	A-1	<u>719,842</u>	<u>682,820</u>
<b>Subtotal - Current Fund</b>		<b><u>2,256,109</u></b>	<b><u>2,163,081</u></b>
<b>Federal And State Grant Fund:</b>			
Due General Capital Fund	C	63,500	63,500
Reserve For State Grants-Appropriated	A-20	161,367	162,968
Reserve For State Grants-Unappropriated	A-21	<u>1,817</u>	<u>135,000</u>
<b>Subtotal</b>		<b><u>226,684</u></b>	<b><u>361,468</u></b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 2,482,793</u></b>	<b><u>\$ 2,524,549</u></b>

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

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE

A-1

	<u>REF.</u>	<u>YEAR</u> <u>2019</u>	<u>YEAR</u> <u>2018</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 201,996	\$ 151,996
Miscellaneous Revenue Anticipated	A-2	495,998	315,037
Receipts From Delinquent Taxes	A-2	91,256	94,349
Receipts from Current Taxes	A-2	5,045,558	4,909,559
Non-Budget Revenues	A-2	16,970	14,110
Other Credits To Income:			
Interfunds Returned	A-17	-	-
Refund of Prior Year Expenditures	A-4	-	-
Voided Checks	A-4	4,813	13,491
Unexpended Balance Of Appropriation Reserves	A-11	3,706	2,174
<b>Total Income</b>		<u>5,860,297</u>	<u>5,500,716</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations:			
<b>Appropriations Within "CAP":</b>			
Operations:			
Salaries and Wages	A-3	330,120	317,969
Other Expenses	A-3	429,333	394,891
Deferred Charges and Statutory Expenditures	A-3	60,372	57,984
<b>Appropriations Excluded From "CAP":</b>			
Operations:			
Salaries and Wages	A-3	-	951
Other Expenses	A-3	192,000	175,032
Deferred Charges and Statutory Expenditures	A-3	185,440	5,440
Capital Improvements	A-3	-	-
Municipal Debt Service	A-3	68,942	66,414
County Taxes	A-14	1,363,100	1,341,555
Amount Due County For Added and Omitted Taxes	A-14	1,645	1,002
Local District School Taxes	A-15	1,383,431	1,223,398
Regional High School Taxes	A-16	1,573,245	1,667,500
Municipal Open Space Tax	A-17	31,500	31,655
Refund of Prior Year Revenues	A-4	2,151	1,859
Interfunds Advanced	A	-	-
<b>Total Expenditures</b>		<u>5,621,279</u>	<u>5,285,650</u>
Excess in Revenue		239,018	215,066
<b>Statutory Excess to Fund Balance</b>		239,018	215,066
<b>Fund Balance January 1</b>	A	<u>682,820</u>	<u>619,750</u>
		921,838	834,816
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>201,996</u>	<u>151,996</u>
<b>Fund Balance December 31</b>	A	<u>\$ 719,842</u>	<u>\$ 682,820</u>

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 1

		<u>ANTICIPATED</u>		<u>EXCESS OR</u>
	<u>REF.</u>	<u>BUDGET</u>	<u>REALIZED</u>	<u>DEFICIT</u>
<b>Fund Balance Anticipated</b>	A-1	\$ 201,996	\$ 201,996	-
<b>Miscellaneous Revenues:</b>				
<b>LOCAL REVENUES:</b>				
Interest and Costs On Taxes	A-5	16,000	17,946	\$ 1,946
<b>Total Local Revenues</b>		16,000	17,946	1,946
<b>STATE AID REVENUES:</b>				
Energy Receipts Tax	A-9	120,959	120,959	-
Reserve for Garden State Trust Fund	A-9	22,315	22,315	-
<b>Total State Aid</b>		143,274	143,274	-
<b>FEDERAL AND STATE GRANT REVENUES:</b>				
Clean Communities Program	A-19	8,000	8,000	-
NJ DOT Grant - Birchridge Road	A-19	180,000	180,000	-
<b>Total Federal and State Grant Revenues</b>		188,000	188,000	-
<b>OTHER SPECIAL ITEMS:</b>				
Alina Lodge-In Lieu Payments	A-9	15,000	15,000	-
Cell Tower Rentals	A-9	50,000	131,778	81,778
<b>Total Other Special Items</b>		65,000	146,778	81,778
<b>Total Miscellaneous Revenue</b>	A-1	412,274	495,998	83,724
<b>Receipts From Delinquent Taxes</b>	A-1	90,000	91,256	1,256
<b>Amount To be Raised by Taxes For Support Of Municipal Budget:</b>				
Local Tax For Municipal Purposes	A-2	773,521	904,218	130,697
<b>Total General Revenues</b>		1,477,791	1,693,468	215,677
<b>Non-Budget Revenues:</b>				
Other Non-Budget Revenues	A-1:2		16,970	16,970
		\$ 1,477,791	\$ 1,710,438	\$ 232,647
REF.		A-3	A-1	

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



CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 2

**ANALYSIS OF REALIZED REVENUES**

	<u>REF.</u>	
<b>Allocation Of Current Tax Collections:</b>		
Revenue from Collections	A-6	\$ 5,032,558
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>13,000</u>
		5,045,558
<b>Allocated To:</b>		
School and County Taxes	A-6	<u>4,352,921</u>
Deficiency Supported by Municipal Revenues		692,637
<b>Add (Decreased) by:</b>		
Appropriation "Reserve For Uncollected Taxes	A-3	<u>211,581</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 904,218</u>

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 3

**ANALYSIS OF NON-BUDGET REVENUES**

Miscellaneous Revenue Not Anticipated:	<u>REF.</u>		
<b>Treasurer:</b>			
Interest on Investments		\$ 3,610	
Clerk Receipts		6,511	
Planning/Zoning		645	
Vet/Sr Fees		250	
Insurance Refund		588	
Cable TV Fees		1,147	
Miscellaneous		<u>2,907</u>	
	A-4		\$ 15,658
<b>Tax Collector:</b>			
Miscellaneous			<u>1,312</u>
	A-5		<u>\$ 16,970</u>

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

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> <u>BALANCE</u> <u>CANCELLED</u>
<b>GENERAL GOVERNMENT FUNCTIONS:</b>					
Administration:					
Salary and Wages	\$ 2,500	\$ 2,500	\$ 2,000	\$ 500	
Other Expenses	25,000	26,650	26,638	12	
Other Professionals	1,900	1,900	25	1,875	
Human Resources:					
Personnel Training	1,000	1,000	-	1,000	
Mayor and Council:					
Salaries and Wages	9,750	9,750	9,745	5	
Other Expenses	200	1,550	1,544	6	
Municipal Clerk:					
Salaries and Wages	48,800	48,800	48,302	498	
Financial Administration(Treasury):					
Salaries and Wages	17,510	17,510	17,505	5	
Other Expenses	800	3,925	3,918	7	
Audit Services:					
Other Expenses	20,983	20,983	20,983	-	
Computerized Data Processing:					
Other Expenses	22,000	22,000	-	22,000	
Revenue Administration (Tax Collection):					
Salaries and Wages	17,525	17,525	17,443	82	
Other Expenses	4,000	4,000	886	3,114	
Tax Assessment Administration:					
Salaries and Wages	21,500	21,500	21,475	25	
Other Expenses:					
Other Professional,Consultant & Services(Tax Map)	2,000	2,000	1,797	203	
Web Site Administration	2,400	2,400	1,842	558	
Miscellaneous Other Expenses	4,000	4,000	657	3,343	
Legal Services (Legal Dept.):					
Other Expenses:					
Regular Counsel	32,000	29,750	24,218	5,532	
Engineering Services:					
Other Expenses	18,000	15,500	13,750	1,750	
Historial Sites:					
Other Expenses	1,000	1,000	-	1,000	
<b>LAND USE ADMINISTRATION:</b>					
Planning Board:					
Salaries and Wages	11,350	11,350	11,336	14	
Other Expenses	10,150	10,150	3,635	6,515	
Zoning Board of Adjustment:					
Salaries and Wages	0	0	-	-	
Other Expenses	-	-	-	-	

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

<u>CURRENT FUND</u> <u>STATEMENT OF EXPENDITURES</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>CANCELLED</u>
<u>OPERATIONS-Within "CAPS"</u>			<u>RESERVED</u>	
<b>CODE ENFORCEMENT AND ADMINISTRATION:</b>				
Code Enforcement Officer:				
Salaries and Wages	13,100	13,100	13,081	19
Other Expenses	300	300	-	300
Electrical Sub-Code Official:				
Other Expenses	-	-	-	-
<b>INSURANCE:</b>				
Liability Insurance	43,000	43,000	37,488	5,512
Employee Health Insurance	58,000	58,000	42,773	15,227
Unemployment Insurance	1,300	1,300	-	1,300
Other Insurance Premiums	450	450	-	450
<b>PUBLIC SAFETY FUNCTIONS:</b>				
Office of Emergency Management:				
Salaries and Wages	2,410	2,410	2,403	7
Other Expenses	500	1,250	1,250	-
Aid to Volunteer Fire Companies-Adjoining	20,000	20,000	20,000	-
Contribution to First Aid Organizations	8,000	8,000	8,000	-
<b>PUBLIC WORKS FUNCTIONS:</b>				
Streets and Road Maintenance:				
Salaries and Wages	170,000	175,550	175,524	26
Other Expenses	112,000	112,000	99,699	12,301
Solid Waste Collection(Recycling Program):				
Salaries and Wages	250	250	248	2
Other Expenses	250	250	-	250
Buildings and Grounds:				
Other Expenses	12,000	8,500	7,744	756
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>				
Animal Control Services:				
Salaries and Wages	9,875	9,875	9,844	31
Other Expenses	100	100	-	100
Contribution to Senior Citizens Center	3,000	3,000	3,000	-
<b>PARKS AND RECREATION:</b>				
Recreation Services and Programs:				
Salaries and Wages	975	975	-	975
Other Expenses	1,000	1,000	1,000	-
<b>OTHER COMMON OPERATING FUNCTIONS:</b>				
<b>(Unclassified):</b>				
Celebration of Public Events	1,200	1,200	-	1,200
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>				
Electricity	3,000	3,700	3,688	12
Street Lighting	0	0	-	-
Telephone	9,000	9,000	7,750	1,250
Gas (Natural or Propane)	8,000	6,000	5,840	160
Fuel Oil	7,500	4,500	4,178	322

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

<u>CURRENT FUND</u> <u>STATEMENT OF EXPENDITURES</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> <u>BALANCE</u> <u>CANCELLED</u>
<u>OPERATIONS-Within "CAPS"</u>					
<b>Total Operations - Within "CAPS"</b>	<b>759,578</b>	<b>759,453</b>	<b>671,209</b>	<b>88,244</b>	<b>-</b>
<b>Detail:</b>					
Salaries and Wages	324,570	330,120	328,906	1,214	-
Other Expenses	435,008	429,333	342,303	87,030	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>					
<b>Statutory Expenditures:</b>					
Social Security	27,000	27,000	26,582	418	
Contribution to:					
PERS	33,372	33,372	33,372	-	
<b>Total Deferred Charges and Statutory Expenditures Within "CAPS"</b>	<b>60,372</b>	<b>60,372</b>	<b>59,954</b>	<b>418</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes - Within "CAPS"</b>	<b>819,950</b>	<b>819,825</b>	<b>731,163</b>	<b>88,662</b>	<b>-</b>
<b>OPERATIONS-EXCLUDED from "CAPS"</b>					
Police Dispatch/91:					
Salaries and Wages	-	-	-	-	-
<b>Total Other Operations-Excluded from "CAPS"</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interlocal Municipal Service Agreements from "CAPS"</b>					
Other Expenses:					
North Warren Court	9,000	9,000	4,683	4,317	
<b>Total Other Operations-Excluded from "CAPS"</b>	<b>9,000</b>	<b>9,000</b>	<b>4,683</b>	<b>4,317</b>	<b>-</b>
<b>PUBLIC &amp; PRIVATE PROGRAMS OFFSET BY REVENUES:</b>					
<b>Federal and State Grants:</b>					
Clean Communities Program:					
Other Expenses	8,000	8,000	8,000		
Alcohol Ed & Rehab					
Other Expenses	-	-	-		
<b>Total Public &amp; Private Programs Offset by Revenues</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>-</b>	
<b>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS":</b>					
Capital Improvement Fund	175,000	175,000	175,000		
<b>Total Capital Improvements-Excluded from "CAPS"</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>		
<b>Total Operations-Excluded from "CAPS"</b>	<b>192,000</b>	<b>192,000</b>	<b>187,683</b>	<b>4,317</b>	<b>-</b>
<b>Detail:</b>					
Salaries and Wages	-	-	-	-	-
Other Expenses	192,000	192,000	187,683	4,317	-
<b>MUNICIPAL DEBT SERVICE- EXCLUDED from "CAPS":</b>					
Payment of Notes	60,000	60,000	60,000		
Note Interest	8,820	8,945	8,942	\$	3
<b>Total Municipal Debt Service</b>	<b>68,820</b>	<b>68,945</b>	<b>68,942</b>		<b>3</b>

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



TRUST FUND  
COMPARATIVE BALANCE SHEET

B

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>12/31/18</u>
<b><u>ASSETS</u></b>			
<b>Dog License Fund:</b>			
Cash and Cash Equivalents	B-2	\$ 18,455	\$ 18,134
Amount Due Current Fund	B-5	<u>8,017</u>	<u>3,660</u>
<b>Total Dog License Fund</b>		<b><u>26,472</u></b>	<b><u>21,794</u></b>
<b>Other Trust Funds:</b>			
Cash and Cash Equivalents	B-2	300,781	269,474
Amount Due Current Fund	B-6	<u>39,762</u>	<u>23,028</u>
<b>Total Other Trust Fund</b>		<b><u>340,543</u></b>	<b><u>292,502</u></b>
<b>TOTAL ASSETS</b>		<b><u>\$ 367,015</u></b>	<b><u>\$ 314,296</u></b>

**LIABILITIES, RESERVES AND FUND BALANCE**

<b>Dog License Fund:</b>			
Reserve for Dog Fund Expenditures	B-3	\$ 26,156	\$ 21,792
Due State of New Jersey	B-4	<u>316</u>	<u>2</u>
<b>Total Dog License Fund</b>		<b><u>26,472</u></b>	<b><u>21,794</u></b>
<b>Other Trust Fund:</b>			
Reserve for Planning Board Escrow Deposits	B-7	31,522	34,063
Reserve for Driveway Bond Deposits	B-8	33,254	32,789
Reserve for Recreation Escrow Deposits	B-9	3,289	4,044
Reserve for Municipal Open Space Tax	B-10	193,813	176,003
Reserve for Snow Removal Deposits	B-11	8,058	8,043
Reserve for COAH	B-12	5,117	4,189
Reserve for Third Party Liens and Tax Sale Premiums	B-13	46,905	22,200
Reserve for Closed Property Trust	B-14	<u>18,585</u>	<u>11,171</u>
<b>Total Other Trust Fund</b>		<b><u>340,543</u></b>	<b><u>292,502</u></b>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 367,015</u></b>	<b><u>\$ 314,296</u></b>

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

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

C

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>12/31/18</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	C-2	\$ 9,798	\$ 7,999
Due Current Fund	C-3	387,180	142,505
Due Grants Fund	C-9	63,500	63,500
Grants Receivable - Sunset Road	C-10	39,000	
Deferred Charges To Future Taxation:			
Unfunded	C-4	<u>310,320</u>	<u>373,760</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 809,798</u></b>	<b><u>\$ 587,764</u></b>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Bond Anticipation Notes Payable	C-8	\$ 300,000	\$ 360,000
Reserve for Road Equipment	C-5	529	529
Capital Improvement Fund	C-6	53,791	82,791
Improvement Authorizations:			
Funded	C-7	426,048	116,814
	C-7	27,630	27,630
Fund Balance	C-1	<u>1,800</u>	<u>-</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 809,798</u></b>	<b><u>\$ 587,764</u></b>

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



GENERAL CAPITAL FUND  
SCHEDULE OF FUND BALANCE

C-1

REF.

**Increased by:**

Cancellation of Outstanding Checks	C-2	<u>\$ 1,800</u>
Balance December 31, 2019	C	<u><u>\$ 1,800</u></u>

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

GENERAL FIXED ASSETS  
STATEMENT OF GENERAL FIXED ASSETS

DECEMBER 31, 2019

F

	BALANCE <u>12/31/18</u>	BALANCE <u>12/31/19</u>
<b>General Fixed Assets:</b>		
Land	\$ 342,300	\$ 342,300
Buildings	769,967	769,967
Machinery and Equipment	<u>1,111,228</u>	<u>1,111,228</u>
<b>Total General Fixed Assets</b>	<u>\$ 2,223,495</u>	<u>\$ 2,223,495</u>
<b>Investment In General Fixed Assets</b>	<u>\$ 2,223,495</u>	<u>\$ 2,223,495</u>

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

PAYROLL AGENCY FUND  
COMPARATIVE BALANCE SHEET

G

	BALANCE <u>12/31/19</u>	BALANCE <u>12/31/18</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ <u>2,469</u>	<u>530</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,469</u></b>	<b><u>530</u></b>

<b><u>LIABILITIES AND RESERVES</u></b>		
Payroll Deductions Payable	\$ <u>2,469</u>	<u>530</u>
<b>TOTAL LIABILITIES AND RESERVES</b>	<b>\$ <u>2,469</u></b>	<b><u>530</u></b>

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

## **NOTES TO FINANCIAL STATEMENTS**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Hardwick include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

**B. Description of Funds**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes fund types and account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the Township of Hardwick conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Hardwick accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

**Current Fund**

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

**Trust Funds**

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

**General Capital Fund**

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

**Public Assistance Fund**

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Description of Funds (Continued)**

**General Fixed Assets Account Group**

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant policies in New Jersey follow.

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

**Revenues**--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township 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 of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**Expenditures**--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. 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. Appropriation reserves covering 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.

**Property Tax Revenue**--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, May 15, August 15 and November 15. The Open Space Levy is paid quarterly to the Township's other trust funds on February 15, May 15, August 15 and November 15.

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting Principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Deferred School Taxes**--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

**Foreclosed Property**--Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

**Interfunds**--Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies**--The cost 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.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**General Fixed Assets**--In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

**Budget and Budgetary Procedures**--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund  
Public Assistance Fund  
Trust Fund**



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

**Expenditures**--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Tax Appeals and Other Contingent Losses**--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**Deferred Charges to Future Taxation Funded and Unfunded**--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Use of Estimates**--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

**Departures from Generally Accepted Accounting Principles**--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

**Regulatory-Basis Financial Statements**--The GASB Codification also defines the financial statements of a governmental unit to be presented 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.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2019, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

As of December 31, 2019, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$ 2,321,689	\$ 2,321,689
Total	<u>\$ 2,321,689</u>	<u>\$ 2,321,689</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 2: CASH AND CASH EQUIVALENTS-(Continued)**

The carrying amount of the municipality's cash and cash equivalents at December 31, 2019, was \$2,321,689 and the bank balance was \$2,451,360. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$296,383 was covered by federal depository insurances and \$2,154,977 was covered by collateral pool.

**Note 3: LONG-TERM DEBT**

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

The Township debt is summarized as follows:

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Paid</b>	<b>Ending Balance</b>
<b>Long Term Debt:</b>				
Bond Anticipation Notes	\$ 360,000		\$ 60,000	\$ 300,000
Compensated absences payable	None			None
Total Long-Term Debt	\$ 360,000	-	\$ 60,000	\$ 300,000

**Summary of Municipal Debt**

	YEAR <u>2019</u>	YEAR <u>2018</u>	YEAR <u>2017</u>
<b><u>Issued</u></b>			
General:			
Bonds and Notes	\$ 300,000	\$ 360,000	\$ 420,000
Total Deductions	-	-	-
Net Debt Issued	300,000	360,000	420,000
<b><u>Authorized But Not Issued</u></b>			
General:			
Bonds and Notes	10,320	13,760	17,200
<b>Net Bonds and Notes Issued and Authorized But Not Issued</b>	<b>\$ 310,320</b>	<b>\$ 373,760</b>	<b>\$ 437,200</b>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 3: LONG-TERM DEBT (Continued)**

**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 0.163%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 310,320	-	\$ 310,320
	<u>\$ 310,320</u>	<u>-</u>	<u>\$ 310,320</u>

Net Debt \$310,320	Divided by Equalized Valuation Basis per	
N.J.S.A. 40A:2-2 as amended,	\$ 190,277,677	= 0.163%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 6,659,719
Net Debt	<u>310,320</u>
Remaining Borrowing Power	<u>\$ 6,349,399</u>

**Bond Anticipation Notes**

The Township has outstanding at December 31, 2019, a bond anticipation note in the amount of \$360,000 payable to Lakeland Bank. This note matures on May 1, 2020. The interest rate on the note was 2.45% Principal and interest on this note is paid from the current fund budget of the Township.

	<u>Debt Outstanding</u>
Total General Capital Bonds/Loans Issued Above	<u>\$ 300,000</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 4: GENERAL FIXED ASSETS**

The following is a summary of changes in the general fixed assets:

	Balance Beginning of Year	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>End of Year</u>
Land	\$ 342,300			\$ 342,300
Buildings	769,967			769,967
Equipment	<u>1,111,228</u>	\$ -	-	<u>1,111,228</u>
	<u>\$ 2,223,495</u>	<u>\$ -</u>	<u>None</u>	<u>\$ 2,223,495</u>

**Note 5: FUND BALANCES APPROPRIATED**

Fund Balances at December 31, 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020, were as follows:

Current Fund - \$ 201,996 \*

\* - Introduced

**Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, there were no deferred charges to be appropriated in subsequent budgets.

**Note 7: SCHOOL TAXES**

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL DEFERRED TAX <u>12/31/19</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/19</u>	BALANCE <u>12/31/18</u>	TOTAL DEFERRED TAX <u>12/31/18</u>	REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/19</u>	BALANCE <u>12/31/18</u>
Balance of Tax		\$ 211,232	\$ 131,215		\$ 246,972	\$ 436,684
Deferred		<u>480,484</u>	<u>480,484</u>		<u>539,651</u>	<u>539,651</u>
Tax Payable		<u>\$ 691,716</u>	<u>\$ 611,699</u>		<u>\$ 786,623</u>	<u>\$ 976,335</u>
Tax Deferred	<u>\$ 1,020,135</u>			<u>\$ 1,020,135</u>		

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS**

**Description of Plans** - All required employees of the municipality are covered by either the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Plan (DCRP) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school municipality, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

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

The following represents the membership tiers for PERS:

**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 22, 2010
- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit 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.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS - (Continued)**

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The current PERS rate is 6.5% of covered payroll.

Summary of Significant Accounting Policies - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets, or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net pension liability, related outflows and inflows of resources, and pension expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, 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.

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

At June 30, 2019, the municipality disclosed a liability of \$630,071 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. *This is a departure from generally accepted accounting principles, as the measurement date is to be no more than twelve months before the municipality's fiscal year end of December 31, 2019.* The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2018 and 2017. At June 30, 2019, the municipality's proportion was 0.00320% which was a decrease of 0.00004% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the municipality's portion of the plan's pension expense was \$30,820. At June 30, 2019, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS (Continued)**

	<u>Deferred</u> <u>Outflows of</u>	<u>Deferred Inflows</u>
	<u>Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 12,016	\$ 3,249
Changes of assumptions	103,825	201,463
Net difference between projected and actual earnings on pension plan investments	-	5,910
Changes in proportion and differences between municipality contributions and proportionate share of contributions	15,858	36,399
Total	<u>\$ 131,699</u>	<u>\$ 247,021</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the plan as follows:

	<u>Year Ended June 30:</u>
2019	\$5,321
2020	(7,367)
2021	(52,825)
2022	(45,789)
2023	(14,662)
Total	<u>(\$115,322)</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$6,424,455,842	\$4,684,852,302
Collective deferred inflows of resources	5,700,625,981	7,646,736,226
Collective net pension liability (Non State - Local Group)	\$23,278,401,588	\$19,689,501,539
municipality's proportionate share of net pension liability	\$754,971	\$630,071
municipality's proportion %	0.00324323%	0.00320004%

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS (Continued)**

**Actuarial assumptions** - The collective total pension liability for the June 30, 2019 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:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yeild	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS (Continued)**

**Discount rate** - The discount rate used to measure the total pension liability was 5.00% 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 3.87% 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 contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate** - The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2019, calculated using the discount rate of 5.66%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

		<u>Current</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>	
	<u>(4.66%)</u>	<u>(5.66%)</u>	<u>(6.66%)</u>	
Municipality's proportionate share of the net pension liability	\$ 792,242	\$630,071	\$	494,020

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of 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 cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 8: PENSION PLANS (Continued)**

The contribution requirements of plan members are determined by state statute. 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. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
  
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Three-Year Trend Information for PERS**

Year	Annual Pension Contribution	Percentage of Contribution Paid
2019	\$33,372	100%
2018	\$31,578	100%
2017	\$31,908	100%

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)).

GASB Statement No. 75 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension.

**Note 10: LEASES**

The Township has not entered into any long-term lease agreements except for equipment which can be capitalized as installment purchases of fixed assets in accordance with Technical Accounting Directive No. 85-2.

**Note 11: ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township has permitted employees to accrue unused sick pay for limited days, which may be paid or otherwise resolved at a later date at an agreed upon rate. There is no provision for accruing of vacation days if not currently used.

In accordance with New Jersey principles, the amount is not reported as an expenditure or liability in the financial statements.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 12: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

**LITIGATION**

There are no pending lawsuits in which the Township is involved.

**Note 13: OTHER REQUIRED DISCLOSURES**

Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2019:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	-	\$ 640,148
Other Trust Funds	\$ 39,762	-
Dog License Fund	8,017	-
General Capital Fund	450,680	-
Grants Fund	205,189	63,500
	<u>\$ 703,648</u>	<u>\$ 703,648</u>

**Note 14: RISK FINANCING**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**Note 15: TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The municipality has not entered into any tax abatement agreements.

**Note 16: SUBSEQUENT EVENTS**

The municipality's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order 103 on March 9, 2020 in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the municipality's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the municipality's tax base revenue, absenteeism in the municipality's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the municipality.





**PART II**  
**SUPPLEMENTARY INFORMATION**

## **CURRENT FUND SCHEDULES**

CURRENT FUND  
SCHEDULE OF CASH - TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>	
Balance December 31, 2018	A		\$ 1,693,582
<b>Increased by Receipts:</b>			
Collector	A-5	\$ 5,135,503	
Miscellaneous Revenue Not Anticipated	A-2	15,658	
Revenue Accounts Receivable	A-9	290,052	
Voided Checks	A-1	4,813	
Municipal Open Space	A-17	50	
Amount Due State of N.J. for Senior Citizens/Veterans Deductions	A-18	12,500	
State Grants	A-19:21	55,182	
Other Reserve Receipts	A-22	21,819	
Interfunds Returned - General Capital Fund	C	244,675	
Interfunds Returned - Other Trust and Animal Control Funds	B	3,634	
		5,783,886	7,477,468
<b>Decreased by Disbursements:</b>			
Refund of Prior Year Revenues	A-1	2,151	
Reserve for Encumbrances	A-10	983,252	
Prior Year Appropriation Reserves	A-11	6,447	
Tax Overpayments	A-13	5,040	
County Taxes	A-14	1,364,102	
Local District School Tax	A-15	1,303,414	
Regional High School Tax	A-16	1,762,957	
Municipal Open Space	A-17	14,093	
State Grant Funds	A-20	9,601	
Other Reserve Disbursements	A-22	36,225	
Deferred Charges	A-23	-	
		5,487,282	
Balance December 31, 2019	A		\$ 1,990,186

CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

**Received:**

Interest and Costs on Taxes	A-2	\$	17,946	
Miscellaneous Revenue Not Anticipated	A-2		1,312	
Taxes Receivable	A-6		5,075,452	
2020 Prepaid Taxes	A-12		33,896	
Tax Overpayments	A-13		<u>6,897</u>	\$ <u>5,135,503</u>
Payments to Treasurer	A-4			\$ <u>5,135,503</u>



CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2018	A	<u>None</u>
Balance December 31, 2019	A	<u>None</u>

CURRENT FUND  
SCHEDULE OF FORECLOSED PROPERTY

A-8

	<u>REF.</u>	
Balance December 31, 2018	A	<u>\$ 196,700</u>
Balance December 31, 2019	A	<u>\$ 196,700</u>

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>BALANCE</u> <u>12/31/18</u>	<u>ACCRUED</u> <u>IN 2019</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/19</u>
Alina Lodge-In Lieu Payments		\$ 15,000	\$ 15,000	
Cell Tower Rentals		131,778	131,778	
Energy Receipts Tax		120,959	120,959	
Garden State Trust Fund		22,315	22,315	
 Totals		- \$ 290,052	\$ 290,052	-
REF.	A		A-4	A



CURRENT FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

A-10

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 698
<b>Increased by:</b>		
Charges to 2019 Budget Appropriations	A-3	<u>979,788</u> 980,486
<b>Decreased by:</b>		
Canceled/(Added) - Non-Budget Payments	A-4	\$ (2,766) <u>983,252</u> <u>980,486</u>
Balance December 31, 2019	A	<u><u>-</u></u>

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2018

A-11

	<u>BALANCE</u> <u>12/31/18</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Mayor and Council:				
Other Expenses	\$ 1,003	\$ 1,003	\$ 1,003	-
Finance Administration:				
Other Expenses	325	325	325	-
Legal:				
Other Expenses	2,920	2,920	2,920	-
Administration:				
Other Expenses	34	34	34	-
Road Repairs and Maintenance:				
Salary & Wages	3	3	-	\$ 3
Other Expenses	1,423	1,423	1,423	-
Building and Grounds:				
Other Expenses	284	284	142	142
Gas - Natural Propane	564	564	564	-
Improvements to Streets and Roads	36	36	36	-
All Accounts - No Change	3,561	3,561	-	3,561
 TOTALS	 <u>\$ 10,153</u>	 <u>\$ 10,153</u>	 <u>\$ 6,447</u>	 <u>\$ 3,706</u>
REF.	A	A	A-4	A-1
Appropriation Reserve	\$ 9,455			
Encumbrances	<u>698</u>			
	<u>\$ 10,153</u>			

CURRENT FUND  
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-12

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 48,362
<b>Increased by:</b>		
2020 Taxes Collected in Advance	A-5	<u>33,896</u>
		82,258
<b>Decreased by:</b>		
Applied to 2019 Taxes Receivable	A-6	<u>48,362</u>
Balance December 31, 2019	A	<u>\$ 33,896</u>

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

A-13

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 6
<b>Increased by:</b>		
2019 Tax Overpayments	A-5	<u>6,897</u>
		6,903
<b>Decreased by:</b>		
Canceled		\$ 24
Refunded	A-4	<u>5,040</u> <u>5,064</u>
Balance December 31, 2019	A	<u>\$ 1,839</u>

CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE

A-14

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 1,002
<b>Increased by:</b>		
2019 Levy:		
County Taxes	A-1:6	\$ 1,218,065
County Library Taxes	A-1:6	97,196
County Open Space Tax	A-1:6	47,839
Added and Omitted Taxes	A-1:6	<u>1,645</u>
		<u>1,364,745</u>
		1,365,747
<b>Decreased by:</b>		
Payments	A-4	<u>1,364,102</u>
Balance December 31, 2019	A	<u><u>\$ 1,645</u></u>

CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>		
<b>Balance December 31, 2018:</b>			
School Tax Payable		\$ 131,215	
School Tax Deferred		<u>480,484</u>	\$ 611,699
<b>Increased by:</b>			
Levy - School Year July 1, 2019 to June 30, 2020	A-6		<u>1,383,431</u>
			1,995,130
<b>Decreased by:</b>			
Payments	A-4		<u>1,303,414</u>
<b>Balance December 31, 2019:</b>			
School Tax Payable	A	211,232	
School Tax Deferred		<u>480,484</u>	<u>\$ 691,716</u>
<b>2019 Liability for Local District School Tax:</b>			
Tax Paid			\$ 1,303,414
Tax Payable 12/31/19			<u>691,716</u>
			1,995,130
Add: Reversal of Deferred School Taxes			-
Less -- Tax Payable 12/31/18			<u>611,699</u>
<b>Amount Charged to 2019 Operations</b>	A-1		<u>\$ 1,383,431</u>

CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-16

REF.

**Balance December 31, 2018:**

School Tax Payable	\$ 436,684		
School Tax Deferred	<u>539,651</u>	\$	976,335

**Increased by:**

Levy - School Year July 1, 2019 to June 30, 2020	A-6		<u>1,573,245</u>
			2,549,580

**Decreased by:**

Payments	A-4		<u>1,762,957</u>
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**Balance December 31, 2019:**

School Tax Payable	A	246,972	
School Tax Deferred		<u>539,651</u>	\$ <u>786,623</u>

**2019 Liability for Regional High School Tax:**

Tax Paid		\$ 1,762,957	
Tax Payable 12/31/19		<u>786,623</u>	2,549,580

Less -- Tax Payable 12/31/18			<u>976,335</u>
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**Amount Charged to 2019 Operations**

	A-1		<u>\$ 1,573,245</u>
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CURRENT FUND  
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-17

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 9,743
<b>Increased by:</b>		
Donation	A-4	\$ 50
Open Space Tax Levy 2019	A-6	<u>31,500</u>
		<u>31,550</u> 41,293
<b>Decreased by:</b>		
Open Space Expenditures	A-4	<u>14,093</u>
Balance December 31, 2019	A	<u>\$ 27,200</u>



CURRENT FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR  
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-18

	<u>REF.</u>		
Balance December 31, 2018	A	\$	(949)
<b>Increased by:</b>			
Senior Citizens Deductions Disallowed By Tax Collector		\$	500
Received in Cash from State	A-4	<u>12,500</u>	<u>13,000</u>
			12,051
<b>Decreased by:</b>			
Veterans Deductions per Tax Billings	A-6	2,000	
Senior Citizens Deductions per Tax Billings	A-6	10,500	
Senior Citizens Deductions Allowed By Tax Collector	A-6	<u>          -</u>	<u>12,500</u>
Balance December 31, 2019	A	\$	<u>(449)</u>
<b><u>ANALYSIS OF BALANCE:</u></b>			
Amount Due To State of N.J. -- Pre 1/1/78		\$	2,020
Amount Due From State of N.J. -- Post 1/1/78		<u>(1,571)</u>	<u>449</u>

CURRENT FUND  
SCHEDULE OF STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/18</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/19</u>
Clean Communities Program		\$ 8,000	\$ 8,000	-
Recycling Tonnage Grant	\$ 16,860		365	\$ 16,495
Storm Water Grant	5,000			5,000
NJ DOT Grant - Birchridge Road		45,000	45,000	
Totals	<u>\$ 21,860</u>	<u>\$ 53,000</u>	<u>\$ 53,365</u>	<u>\$ 21,495</u>
REF.	A	A-2	A-4	A

CURRENT FUND  
SCHEDULE OF STATE GRANTS RESERVE - APPROPRIATED

A-20

	<u>BALANCE</u> <u>12/31/18</u>	<u>TRANSFER</u> <u>FROM</u> <u>2019 BUDGET</u> <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>12/31/19</u>
Municipal Alliance - County Share	\$ 516			\$ 516
Clean Communities Grant	17,048	\$ 8,000	\$ 8,351	16,697
Recycling Tonnage Grant	40,012		1,250	38,762
PSE&G Settlement	104,686			104,686
PILT - Warren County	706			706
NJ DOT Grant - Birchridge Road		180,000	180,000	-
Totals	<u>\$ 162,968</u>	<u>\$ 188,000</u>	<u>\$ 189,601</u>	<u>\$ 161,367</u>

REF.

A

A-3

A

A-4	\$ 9,601
A-23	<u>180,000</u>
	<u>\$ 189,601</u>

CURRENT FUND  
SCHEDULE OF STATE GRANTS RESERVE - UNAPPROPRIATED

A-21

	<u>BALANCE</u> <u>12/31/18</u>	<u>TRANSFERRED</u> <u>TO APPROP.</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/19</u>
NJ DOT Grant - Birchridge Road	\$ 135,000	\$ 135,000		-
Municipal Alliance on Alcohol			\$ 643	\$ 643
Clean Communities			1,174	1,174
Totals	\$ 135,000	\$ 135,000	\$ 1,817	\$ 1,817
REF.	A	A-20	A-4	A

CURRENT FUND  
SCHEDULE OF OTHER RESERVES

A-22

	<u>REF.</u>	
Balance December 31, 2018	A	\$ 55,590
<b>Increased by:</b>		
Federal PILT Receipt	A-4	21,819
		<u>77,409</u>
<b>Decreased by:</b>		
Disbursement of Prior Year Insurance Proceeds	A-4	\$ 25,225
PILT Donation to Local Volunteer Fire Departments for Public Safety	A-4	<u>11,000</u>
		<u>36,225</u>
Balance December 31, 2019	A	<u>\$ 41,184</u>
<b><u>Detail:</u></b>		
PILT Reserve		\$ 41,184
		<u>\$ 41,184</u>

CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES

A-23

	<u>BALANCE</u> <u>12/31/18</u>	<u>APPROPRIATED</u> 2019 <u>BUDGET</u>	<u>RESULTING</u> <u>FROM 2019</u>	<u>BALANCE</u> <u>12/31/19</u>
Special Emergency - Admin Other Expense-Master Plan	\$ 2,000	\$ 2,000		-
Grant Expenditure without Appropriation - NJDOT-Birchridge Road	180,000	180,000		-
<b>Totals</b>	<b>\$ 182,000</b>	<b>\$ 182,000</b>	-	-
REF.	A	A-3	A-4	A

## **TRUST FUND SCHEDULES**

TRUST FUND  
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>	
	<u>REF.</u>	<u>LICENSES</u>	<u>OTHER</u>
Balance December 31, 2018	B	\$ 18,134	\$ 269,474
<b>Increased by Receipts:</b>			
Dog License Fees	B-3	5,515	
State Dog License Fees	B-4	635	
Amount Due Current Fund	B-5:6		
Planning Board Escrow Deposits	B-7		1,262
Driveway Bond Deposits	B-8		465
Special District Tax - Open Space	B-9		353
Recreation Deposits	B-11		2
Snow Removal Receipts	B-10		16
COAH Receipts	B-12		928
Tax Lien/Premium Receipts	B-13		61,656
Closed Property Receipts	B-14	-	6,027
<b>Total Receipts</b>		<u>6,150</u>	<u>70,709</u>
		<u>24,284</u>	<u>340,183</u>
<b>Decreased by Disbursements:</b>			
Expenditures Under R.S. 4:29-15.11	B-3	5,508	
State Dog License Fees	B-4	321	
Amount Due Current Fund	B-6:7		
Escrow Trust Deposits Refunded	B-7		-
Driveway Deposits Refunded	B-8		-
Municipal Open Space Expenditures	B-9		-
COAH Payments	B-11		-
Lien Refunds	B-13	-	39,402
<b>Total Disbursements</b>		<u>5,829</u>	<u>39,402</u>
Balance December 31, 2019	B	\$ 18,455	\$ 300,781



TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>		
Balance December 31, 2018	B		\$ 21,792
<b>Increased by:</b>			
Dog License Fees	B-2	\$ 5,515	
Dog License Fees Received by Current Fund	B-5	<u>6,003</u>	<u>11,518</u>
			33,310
<b>Decreased by:</b>			
Expenditures Under R.S.4:29-15.11 Paid by Current Fund	B-5	1,646	
Expenditures Under R.S.4:29-15.11.	B-2	<u>5,508</u>	<u>7,154</u>
Balance December 31, 2019	B		<u>\$ 26,156</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF  
NEW JERSEY DEPARTMENT OF HEALTH

B-4

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 2
<b>Increased by:</b>		
Collected in 2019:		
State Board of Health Fees	B-2	<u>635</u> 637
<b>Decreased by:</b>		
Payments	B-2	<u>321</u>
Balance December 31, 2019	B	<u>\$ 316</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2018	B	\$ (3,660)
<b>Increased by:</b>		
Dog Expenditures Paid from Current Fund	B-3	<u>1,646</u> (2,014)
<b>Decreased by:</b>		
License Fees Received in Current Fund	B-3	<u>6,003</u>
Balance December 31, 2019	B	<u>\$ (8,017)</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
OTHER TRUST FUND

B-6

	<u>REF.</u>		
Balance December 31, 2018	B	\$	23,028
<b>Increased by:</b>			
Developer's Escrow Received in Current Fund	B-7	\$	5,613
Tax Sale Premiums Received in Current Fund	B-13		2,451
Vacated Property Receipts Received in Current Fund	B-14		1,387
Municipal Open Space Donation Receipts Received in Current Fund	B-10		50
Municipal Open Space Levy	B-10		31,500
			41,001
			64,029
<b>Decreased by:</b>			
Developer's Escrow Expenditures Paid from Current Fund	B-7		9,416
Recreation Expenditures Paid from Current Fund	B-9		757
Snow Reserve Expenditures Paid from Current Fund	B-11		1
Municipal Open Space Expenditures Paid from Current Fund	B-10		14,093
			24,267
Balance December 31, 2019	B	\$	39,762

**Detail of Balance - Receivable/(Payable):**

Municipal Open Space	\$	27,200
Tax Sale Premiums		14,485
Closed and Vacated Properties		4,500
Developer's Escrow		(5,666)
Recreation		(757)
Total Receivables	\$	39,762

TRUST FUND  
SCHEDULE OF RESERVE FOR PLANNING BOARD ESCROW DEPOSITS

B-7

	<u>REF.</u>		
Balance December 31, 2018	B	\$	34,063
<b>Increased by:</b>			
Developer's Escrow Received in Current Fund	B-6	\$	5,613
Escrow Deposits	B-2	<u>1,262</u>	<u>6,875</u>
			40,938
<b>Decreased by:</b>			
Escrow Deposits Refunded from Current Fund Account	B-6	9,416	
Escrow Deposits Refunded	B-2	<u>-</u>	<u>9,416</u>
Balance December 31, 2019	B	\$	<u>31,522</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR DRIVEWAY BOND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 32,789
<b>Increased by:</b>		
Driveway Bond Deposits	B-2	<u>    465</u>
		33,254
<b>Decreased by:</b>		
Bank Fees	B-2	<u>    -</u>
Balance December 31, 2019	B	<u>\$ 33,254</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR RECREATION ESCROW DEPOSITS

B-9

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 4,044
<b>Increased by:</b>		
Deposits	B-2	<u>2</u> 4,046
<b>Decreased by:</b>		
Recreation Expenditures Paid from Current Fund	B-6	<u>757</u>
Balance December 31, 2019	B	<u>\$ 3,289</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TAXES

B-10

	<u>REF.</u>		
Balance December 31, 2018	B		\$ 176,003
<b>Increased by:</b>			
2019 Levy:			
Interest Credits and Other Reimbursements	B-2	\$ 353	
Gypsy Moth Receipts Received in Current Fund	B-6	50	
Open Space Tax Levy	B-6	<u>31,500</u>	<u>31,903</u>
			207,906
<b>Decreased by:</b>			
Open Space Expenditures - Paid from Current Fund	B-6	14,093	
Open Space Expenditures	B-2	<u>-</u>	<u>14,093</u>
Balance December 31, 2019	B		<u>\$ 193,813</u>



TRUST FUND  
SCHEDULE OF RESERVE FOR SNOW REMOVAL

B-11

	<u>REF.</u>	
Balance December 31, 2018	B	\$ 8,043
<b>Increased by:</b>		
Deposits	B-2	<u>16</u>
		8,059
<b>Decreased by:</b>		
Snow Reserve Expenditures Paid from Current Fund	B-6	<u>1</u>
Balance December 31, 2019	B	<u><u>\$ 8,058</u></u>

TRUST FUND  
SCHEDULE OF RESERVE FOR COAH

B-12

	<u>REF.</u>	
Balance December 31, 2018	<u>B</u>	\$ 4,189
<b>Increased by:</b>		
Coah Receipts	B-2	<u>    928</u>
		5,117
Balance December 31, 2019	<u>B</u>	<u>\$ 5,117</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-13

	<u>REF.</u>					
Balance December 31, 2018	B	\$ 22,200				
<b>Increased by:</b>						
Third Party Liens Received in by Collector - Prior Year	B-2	\$ 33,978				
Third Party Liens Received in by Collector	B-2	27,602				
Interest Credits	B-2	76				
Premiums Received in Current Fund	B-6	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 60%; text-align: right;">2,451</td> <td style="border-bottom: 1px solid black; width: 40%; text-align: right;">64,107</td> </tr> <tr> <td></td> <td style="text-align: right;">86,307</td> </tr> </table>	2,451	64,107		86,307
2,451	64,107					
	86,307					
<b>Decreased by:</b>						
Refunds to Lien Holders	B-2	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 60%; text-align: right;">39,402</td> <td style="border-bottom: 1px solid black; width: 40%;"></td> </tr> </table>	39,402			
39,402						
Balance December 31, 2019	B	\$ <u>46,905</u>				

TRUST FUND  
SCHEDULE OF RESERVE FOR CLOSED PROPERTY

B-14

	<u>REF.</u>		
Balance December 31, 2018	B		\$ 11,171
<b>Increased by:</b>			
Receipts Received in Current Fund	B-6	\$ 1,387	
Receipts	B-2	<u>6,027</u>	<u>\$ 7,414</u>
			18,585
Balance December 31, 2019	B		<u>\$ 18,585</u>

## **GENERAL CAPITAL FUND SCHEDULES**

GENERAL CAPITAL FUND  
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2018	C	\$	7,999
<b>Increased by:</b>			
Interest Earned	C-3	\$	20
Cancellation of Outstanding Check	C-1	<u>1,800</u>	<u>1,820</u>
			9,819
<b>Decreased by:</b>			
Interest Due to Current Fund	C-3		<u>21</u>
Balance December 31, 2019	C	\$	<u><u>9,798</u></u>

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>		
Balance December 31, 2018		\$	142,505
<b>Increased by:</b>			
Budgeted Appropriation Capital Improvement Fund	C-6	\$	175,000
Budgeted Appropriation Deferred Charge	C-4		3,440
State Aid Received	C-10		117,000
Interest Earned Due to Current Fund	C-2		21
			<u>295,461</u>
			437,966
<b>Decreased by:</b>			
Payment of Interest to Current Fund	C-2		20
Improvement Authorizations	C-7		50,766
			<u>50,786</u>
			50,786
Balance December 31, 2019		\$	<u>387,180</u>

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

C-4

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/18</u>	<u>DECREASED</u> <u>BUDGET</u> <u>DEF CHG</u>	<u>DECREASED</u> <u>CURRENT</u> <u>BUDGET</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>ANALYSIS OF BALANCE</u> <u>DEBT</u>	
					<u>AUTHORIZED</u> <u>NOT ISSUED</u>	<u>DEBT</u> <u>ISSUED</u>
Millbrook-Stillwater Road	\$ 13,760	\$ 3,440		\$ 10,320	\$ 10,320	-
Salt Shed and Various Road Resurfacing Amended 7/2/14 to include a John Deere Front Ldr.	360,000		\$ 60,000	300,000		\$ 300,000
	<u>\$ 373,760</u>	<u>\$ 3,440</u>	<u>\$ 60,000</u>	<u>\$ 310,320</u>	<u>\$ 10,320</u>	<u>\$ 300,000</u>
REF.	C	C-3	C-8	C		C-8



GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR ROAD EQUIPMENT

C-5

	<u>REF.</u>	
Balance December 31, 2018	C	<u>\$ 529</u>
Balance December 31, 2019	C	<u>\$ 529</u>

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2018	C	\$ 82,791
<b>Increased by:</b>		
2019 Budget Appropriation - Capital Improvement Fund	C-3	<u>175,000</u>
		257,791
<b>Decreased by:</b>		
Capital Ordinance - Sunet Lake Road	C-7	<u>204,000</u>
Balance December 31, 2019	C	<u>\$ 53,791</u>

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u> <u>NUMBER</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u> <u>12/31/18</u>		<u>NJDOT AID</u> <u>INFRASTRUCTURE</u> <u>FUND</u>	<u>CAPITAL</u> <u>IMPROVEMENT</u> <u>FUND</u>	<u>PAID</u>	<u>BALANCE</u> <u>12/31/19</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Tractor, Backhoe, Resurfacing of Birch Ridge Road, Maple Lane Road, and Sun Set Lake Road	2007-11	10/17/07	\$ 697,000		\$ 2,261					\$ 2,261
Salt Shed and Various Road Resurfacing - Amended 7/2/17 to include a JD Front Loader	2014-05	7/2/14	505,000		25,369					25,369
Improvements to various roads	2017-05	5-4-16	100,000	\$ 40,959					\$ 40,959	
Truck Body and repairs	2018-03	4-11-18	43,000	35,191			\$ 1,401		33,790	
Improvements to Various Township Roads	2018-09	9-5-18	50,000	40,664				35,585	5,079	
2019 Road Overlay - Sunset Lake Road	2019-08	9/4/2019	360,000			\$ 156,000	\$ 204,000	13,780	346,220	
				\$ 116,814	\$ 27,630	\$ 156,000	\$ 204,000	\$ 50,766	\$ 426,048	\$ 27,630
REF.				C	C	C-10	C-6	C-2	C	C

GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

C-8

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/18</u>	<u>DECREASED</u>	<u>BALANCE 12/31/19</u>
Salt Shed and Various Road Resurfacing	480,000	8/20/14	5/1/20	300,000	2.325%	\$ 360,000	\$ 60,000	\$ 300,000
						<u>\$ 360,000</u>	<u>\$ 60,000</u>	<u>\$ 300,000</u>
REF.						C	C-4	C

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE GRANTS FUND

C-9

	<u>REF.</u>	
Balance December 31, 2018	C	<u>\$ 63,500</u>
Balance December 31, 2019	C	<u>\$ 63,500</u>

GENERAL CAPITAL FUND  
SCHEDULE OF GRANTS RECEIVABLE

C-10

REF.

**Increased by:**

Sunset Lake Road Receivable	C-7	\$ 156,000
		<u>156,000</u>

**Decreased by:**

Receipt of State Aid	C-3	<u>117,000</u>
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Balance December 31, 2019	C	<u>\$ 39,000</u>
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## **PUBLIC ASSISTANCE FUND SCHEDULES**

N/A

**SCHEDULE OF GENERAL FIXED ASSETS**



GENERAL FIXED ASSETS  
SCHEDULE OF ADDITIONS AND DELETIONS  
DECEMBER 31, 2019

F-1

	<u>BALANCE</u> <u>12/31/18</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>12/31/19</u>
<b>General Fixed Assets:</b>			
Land	\$ 342,300		\$ 342,300
Buildings	769,967		769,967
Machinery and Equipment	<u>1,111,228</u>	<u>-</u>	<u>1,111,228</u>
<b>Total General Fixed Assets</b>	<u>\$ 2,223,495</u>	<u>-</u>	<u>\$ 2,223,495</u>



**PART III  
SUPPLEMENTARY INFORMATION**

**General Comments**

**Report on Internal Control over Financial Reporting and  
Compliance and Other Matters based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Schedule of Federal/State Awards**

**Status of Prior Audit Findings**

**Schedule of Findings and Responses**



## **GENERAL COMMENTS**

### **Scope of Audit**

The audit of the financial statements of the Township of Hardwick, County of Warren, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township.

### **Contracts and Agreements Requiring Advertisement for Bids**

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. 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.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$40,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

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

The system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body, on January 8, 2019, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, that the Mayor and Committee hereby establish an interest rate of 8% per annum on amounts over \$1,500. BE IT FURTHER RESOLVED that no interest shall be charged if payment of taxes, any installment, is made within ten (10) days after the date upon which the same became payable. An additional penalty of 6% shall be added on delinquencies in excess of \$10,000 which are not paid prior to the end of the calendar year.<sup>2</sup>

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 8, 2019, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

**Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2019, include only real property items on the 2019 tax levy.

The last tax sale was held in December 12, 2019 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2019	None
2018	None
2017	None

**Verification of Delinquent Taxes and Other Charges**

Verification notices were mailed to confirm balances as of November 15, 2019. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax Date of Circulars - November 15, 2019				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2019 Property Tax	Positive	980	60	15
2020 Property Tax	Positive	980	60	15
2019 Delinquent Tax	Negative	174	25	8

## Technical Accounting Directives

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Hardwick to these new directives are as follows:

<u>Requirement</u>	FY 2019 Required	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	



**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-**  
**CURRENT FUND**

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2019</u>	<u>%</u>	<u>YEAR 2018</u>	<u>%</u>
Fund Balance Utilized	\$ 201,996	3.45%	\$ 151,996	2.76%
Miscellaneous - From Other Than				
Local Property Tax Levies	521,487	8.90%	344,812	6.27%
Collection of Delinquent Taxes and				
Tax Title Liens	91,256	1.56%	94,349	1.72%
Collection of Current Tax Levy	<u>5,045,558</u>	86.10%	<u>4,909,559</u>	89.25%
<b>Total Income</b>	<u>5,860,297</u>	<u>100.00%</u>	<u>5,500,716</u>	<u>100.00%</u>

**EXPENDITURES**

Budget Expenditures:				
Municipal Purposes	1,268,358	22.56%	1,020,540	19.31%
County Taxes	1,364,745	24.28%	1,342,557	25.40%
Local and Regional Taxes	2,956,676	52.60%	2,890,898	54.69%
Municipal Open Space Tax	<u>31,500</u>	0.56%	<u>31,655</u>	0.60%
<b>Total Expenditures</b>	<u>5,621,279</u>	<u>100.00%</u>	<u>5,285,650</u>	<u>100.00%</u>
Excess in Revenue	239,018		215,066	
Statutory Excess to Fund Balance	239,018		215,066	
Fund Balance January 1	682,820		619,750	
Less:				
Utilization as Anticipated Revenue	<u>201,996</u>		<u>151,996</u>	
Fund Balance December 31	<u>\$ 719,842</u>		<u>\$ 682,820</u>	

**Comparative Schedule of Tax Rate Information**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$3.258</u>	<u>\$3.172</u>	<u>\$3.190</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.491	\$0.475	\$0.462
County	\$0.868	\$0.850	\$0.895
Local School	\$0.879	\$0.774	\$0.736
Regional High School	\$1.000	\$1.054	\$1.088
Municipal Open Space Tax	\$0.020	\$0.019	\$0.009

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2019	\$157,307,921
2018	\$158,166,106
2017	\$157,394,511

**Comparison of Tax Levies and Collection Currently**

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.

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$5,131,267	\$ 5,045,558	98.32%
2018	\$5,020,769	\$4,909,559	97.78%
2017	\$5,059,632	\$4,964,464	98.11%

**Delinquent Taxes and Tax Title Liens**

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.

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	-	\$69,223	\$69,223	1.35%
2018	-	\$90,799	\$90,799	1.81%
2017	-	\$92,158	\$92,158	1.82%

**Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on Decemer 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 196,700
2018	196,700
2017	196,700

**Comparitive Schedule of Fund Balances**

<u>Year</u>	<u>Balance December 31</u>	<u>Regular</u>	<u>Utilized In Budget of Succeeding Year Defer School Tax</u>
2019	\$ 719,842	\$ 201,996	
2018	\$ 682,820	\$ 201,996	
2017	\$ 619,750	\$ 151,996	
2016	\$ 468,171	\$ 132,000	
2015	\$ 420,202	\$ 148,346	
2014	\$ 385,320	\$ 124,000	
2013	\$ 354,011	\$ 124,221	
2012	\$ 194,070	\$ 124,898	
2011	\$ 354,011	\$ 58,836	\$46,562

**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 Bond</u>	<u>Name Of Corporate Surety</u>
Kevin M. Duffy	Mayor		
James Perry	Deputy Mayor		
Alfred Carrazzone	Committeeman		
Judith M. Fisher	Clerk; Registrar of Vital Statistics; Assessment Search Officer		
Donna Van Tassel	Tax Collector; Tax Search Officer	\$1,000,000	MEL Joint Insurance Fund

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Christine Rolef	Certified Municipal Finance Officer	\$1,000,000	MEL Joint Insurance Fund
Michael Lavery	Attorney		
David M. Gill	Assessor		

The minimum bond coverage for the Tax Collector based on prior year tax levies is as follows:

<u>Year</u>	<u>Tax Collector</u>
2019	\$91,179

There is a public employees' blanket bond in the amount of \$50,000 provided by JIF Joint Insurance Fund. This bond would cover all officials handling monies, except those officials specifically bonded. Those officials included under the blanket bond are the Clerk, Construction Official, Dog Warden and Planning and Zoning Board of Adjustment Secretaries.

All the bonds were examined and were properly executed.



# **ARDITO & COMPANY LLC**

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

Independent Auditor's Report

The Honorable Mayor and  
Members of the Township Committee  
Township of Hardwick  
County of Warren  
40 Spring Valley Road  
Blairstown, New Jersey 07825

We have audited, 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 audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Township of Hardwick in the County of Warren, State of New Jersey, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township of Hardwick's basic financial statements, and have issued our report thereon dated April 30, 2020, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

-Continued-

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARDITO & COMPANY LLC



Frenchtown, New Jersey  
April 30, 2020



Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & COMPANY LLC  
Frenchtown, New Jersey  
April 30, 2020

## **SCHEDULE OF FEDERAL/STATE AWARDS**

**SCHEDULE OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>ACCOUNT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/19</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/19</u>	
						<u>PROGRAM</u> <u>OTHER</u>			
<b><u>DEPT. OF ENVIR. PROTECTION</u></b>									
Solid Waste Admin.-Clean Communities	4900-765-178900	\$ 9,174	2019	A		\$ 9,174		\$ 9,174	
			Prior Years	A	\$ 17,047		\$ 8,351	8,696	
Municipal Drug Alliance	N/A	643	2019	A		643		643	
			Prior Years	A	443			443	
<b><u>DEPT. OF TRANSPORTATION</u></b>									
NJDOT - Birch Ridge Road	N/A	180,000	2019	A	135,000	45,000	180,000	-	
<b><u>DEPT. OF ENVIRONMENTAL PROTECTION</u></b>									
Stormwater Management Grant	WQ05-574	5,000	2008	A	(5,000)			(5,000)	
<b><u>OTHER AWARDS</u></b>									
Recycling Tonnage Grant			2019 & PY	A	23,152	365	1,250	22,267	
PILT Grant - Warren County	Small Grant	11,167	2019		706			706	
<b>TOTAL STATE ASSISTANCE</b>					<b>\$ 171,348</b>	<b>\$ 55,182</b>	<b>-</b>	<b>\$ 189,601</b>	<b>\$ 36,929</b>

**Note: This Schedule was not subject to an audit in accordance with NJOMB Circular 15-08.**

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.



TOWNSHIP OF HARDWICK

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2019

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Township of Hardwick. The Township of Hardwick is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal Uniform Guidance, Audits of States, Local Governments and Nonprofit Organizations and NJOMB circular 15-08. However, these schedules were not subject to an audit in accordance with OMB Uniform Guidance or NJOMB Circular 15-08.

**NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS**

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

## **STATUS OF PRIOR AUDIT FINDINGS**

**STATUS OF PRIOR AUDIT FINDINGS**

CY  
Occurrence

2018-1            The Regional School tax levy for the fiscal year ending June 30, 2018 remains unpaid as of December 31, 2018 in the amount of \$142,585.

We recommend that the town turn-over school district levies in a timely manner.

**STATUS - Finding Cleared in 2019**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**GENERAL FINDINGS**

**SCHEDULE OF FINDINGS AND RESPONSES**

**GENERAL FINDINGS**

YEAR ENDED DECEMBER 31, 2019

Summary of Auditor's Results

The Township prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The audit did not disclose any material weaknesses in the internal controls of the Township.

The audit did not disclose any noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Uniform Guidance or New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2019 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Finding

None