

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

**REPORT OF AUDIT
DECEMBER 31, 2021**

TOWNSHIP OF HARDWICK

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2021

AUDITORS' REPORTS



ARDITO & COMPANY LLC

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

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 Audit of the Financial Statements

Opinions

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, 2021 and 2020, 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, 2021, which collectively comprise the Township's basic financial statements listed in the table of contents.

Unmodified 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, 2021 and 2020, 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 accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2021 and 2020, or the results of its operations and changes in its fund balances for the years then ended.

-Continued-

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 and pervasive.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

-Continued-

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated April 15, 2022, 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.

Ardito & Company LLC

ARDITO & COMPANY LLC
 Frenchtown, New Jersey
 April 15, 2022

Anthony Ardito

Anthony Ardito
 Certified Public Accountant
 Registered Municipal Accountant No.524
 ARDITO & COMPANY LLC
 Frenchtown, New Jersey
 April 15, 2022

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

		<u>BALANCE</u>	<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/21</u>	<u>12/31/20</u>
ASSETS			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 2,576,334	\$ 1,997,687
Subtotal		<u>2,576,334</u>	<u>1,997,687</u>
Due From State of New Jersey - Senior Citizens and Veterans Deductions	A-18	<u>551</u>	<u>-</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	131,660	92,240
Tax Title Liens Receivable	A-7	-	-
Foreclosed Property	A-8	196,700	196,700
Other Receivables	A	30,574	
Due General Capital Fund	C	<u>-</u>	<u>8,705</u>
Subtotal		<u>358,934</u>	<u>297,645</u>
Subtotal - Current Fund		<u>2,935,819</u>	<u>2,295,332</u>
Federal And State Grant Fund:			
Amount Due Current Fund	A	289,879	200,685
State Grants Receivable	A-19	<u>20,913</u>	<u>21,495</u>
Subtotal		<u>310,792</u>	<u>222,180</u>
TOTAL ASSETS		<u>\$ 3,246,611</u>	<u>\$ 2,517,512</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>12/31/21</u>	<u>12/31/20</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:11	\$ 161,097	\$ 94,474
Encumbrances	A-10	1,878	-
Payroll Liabilities	A	-	5,170
Amount Due to Grants Fund	A	289,879	200,685
Amount Due to Other Trust Fund	B	24,976	50,033
Amount Due to Animal Control Fund	B	11,440	10,529
Amount Due to General Capital Fund	C	205,401	-
Taxes Collected In Advance	A-12	42,634	34,862
Tax Overpayments	A-13	1,839	1,839
County Taxes Payable	A-14	4,403	3,390
Local School Taxes Payable	A-15	463,957	484,693
Regional School Taxes Payable	A-16	438,268	256,322
Senior Citizens and Veterans Deductions	A-18	-	449
Other Reserves	A-22	<u>27,581</u>	<u>48,975</u>
		1,673,353	1,191,421
Reserve For Receivables And Other Assets	A	358,934	297,645
Fund Balance	A-1	<u>903,532</u>	<u>806,266</u>
Subtotal - Current Fund		<u>2,935,819</u>	<u>2,295,332</u>
Federal And State Grant Fund:			
Due General Capital Fund	C	63,500	63,500
Reserve For State Grants-Appropriated	A-20	152,005	156,543
Reserve For State Grants-Unappropriated	A-21	<u>95,287</u>	<u>2,137</u>
Subtotal		<u>310,792</u>	<u>222,180</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,246,611</u>	<u>\$ 2,517,512</u>

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

	REF.	YEAR <u>2021</u>	YEAR <u>2020</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 222,996	\$ 201,996
Miscellaneous Revenue Anticipated	A-2	303,734	317,496
Receipts From Delinquent Taxes	A-2	96,936	70,605
Receipts from Current Taxes	A-2	5,334,616	4,996,502
Non-Budget Revenues	A-2	86,503	21,899
Other Credits To Income:			
Voided Checks	A-4	9,828	-
Unexpended Balance Of Appropriation Reserves	A-11	<u>45,366</u>	<u>61,689</u>
Total Income		<u>6,099,979</u>	<u>5,670,187</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Appropriations Within "CAP":			
Operations:			
Salaries and Wages	A-3	354,462	337,194
Other Expenses	A-3	449,978	435,845
Deferred Charges and Statutory Expenditures	A-3	65,063	61,608
Appropriations Excluded From "CAP":			
Operations:			
Salaries and Wages	A-3	-	-
Other Expenses	A-3	172,400	156,000
Deferred Charges and Statutory Expenditures	A-3	3,440	3,440
Capital Improvements	A-3	-	-
Municipal Debt Service	A-3	65,564	66,975
County Taxes	A-14	1,395,628	1,398,102
Amount Due County For Added and Omitted Taxes	A-14	4,403	3,390
Local District School Taxes	A-15	1,259,254	1,286,902
Regional High School Taxes	A-16	1,955,957	1,591,945
Municipal Open Space Tax	A-17	31,412	31,504
Refund of Prior Year Revenues	A-4	287	-
Interfunds Advanced	A	<u>21,869</u>	<u>8,862</u>
Total Expenditures		<u>5,779,717</u>	<u>5,381,767</u>
Excess in Revenue		320,262	288,420
Statutory Excess to Fund Balance		320,262	288,420
Fund Balance January 1	A	<u>806,266</u>	<u>719,842</u>
		1,126,528	1,008,262
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>222,996</u>	<u>201,996</u>
Fund Balance December 31	A	<u>\$ 903,532</u>	<u>\$ 806,266</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>		EXCESS OR
	<u>REF.</u>	<u>BUDGET</u>	<u>REALIZED</u>	<u>DEFICIT</u>
Fund Balance Anticipated	A-1	\$ 222,996	\$ 222,996	-
Miscellaneous Revenues:				
LOCAL REVENUES:				
Interest and Costs On Taxes	A-5	16,000	19,234	\$ 3,234
Total Local Revenues		<u>16,000</u>	<u>19,234</u>	<u>3,234</u>
STATE AID REVENUES:				
Energy Receipts Tax	A-9	120,959	120,959	-
Reserve for Garden State Trust Fund	A-9	22,315	34,364	-
Total State Aid		<u>143,274</u>	<u>155,323</u>	<u>-</u>
OTHER SPECIAL ITEMS:				
Alina Lodge-In Lieu Payments	A-9	15,000	-	(15,000)
Cell Tower Rentals	A-9	50,000	129,177	79,177
Total Other Special Items		<u>65,000</u>	<u>129,177</u>	<u>64,177</u>
Total Miscellaneous Revenue	A-1	<u>224,274</u>	<u>303,734</u>	<u>67,411</u>
Receipts From Delinquent Taxes	A-1	<u>69,000</u>	<u>96,936</u>	<u>27,936</u>
Amount To be Raised by Taxes For Support Of Municipal Budget:				
Local Tax For Municipal Purposes	A-2	781,434	900,632	119,198
Total General Revenues		<u>1,297,704</u>	<u>1,524,298</u>	<u>214,545</u>
Non-Budget Revenues:				
Other Non-Budget Revenues	A-1:2		86,503	86,503
		<u>\$ 1,297,704</u>	<u>\$ 1,610,801</u>	<u>\$ 301,048</u>
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>	
Allocation Of Current Tax Collections:		
Revenue from Collections	A-6	\$ 5,321,366
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>13,250</u>
		5,334,616
Allocated To:		
School and County Taxes	A-6	<u>4,646,654</u>
Deficiency Supported by Municipal Revenues		687,962
Add (Decreased) by:		
Appropriation "Reserve For Uncollected Taxes	A-3	<u>212,670</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 900,632</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>		
Treasurer:			
Interest Earned		\$ 3,955	
Clerk Fees		1,072	
Permits		730	
Service Electric Cable TV		1,096	
FEMA Reimbursement		73,441	
Refunds		4,098	
Collector		200	
Vets/Sr Fee		245	
Planning/Zoning Fees		1,045	
Miscellaneous		<u>421</u>	
	A-4		\$ 86,303
Tax Collector:			
Miscellaneous	A-5		<u>200</u>
			<u>\$ 86,503</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>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>BALANCE</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>CANCELLED</u>
GENERAL GOVERNMENT FUNCTIONS:					
Administration:					
Salary and Wages	\$ 4,000	\$ 4,000	\$ 4,000		-
Other Expenses	27,000	27,000	25,931	\$ 1,069	
Other Professionals	6,300	300	-		300
Human Resources:					
Personnel Training	1,000	1,000	-		1,000
Mayor and Council:					
Salaries and Wages	10,050	10,143	10,143		-
Other Expenses	1,000	1,000	257		743
Municipal Clerk:					
Salaries and Wages	61,150	61,150	46,039		15,111
Financial Administration(Treasury):					
Salaries and Wages	18,391	18,391	18,213		178
Other Expenses	6,000	6,000	6,000		-
Audit Services:					
Other Expenses	21,250	22,260	22,260		-
Computerized Data Processing:					
Other Expenses	10,000	7,297	4,568		2,729
Revenue Administration (Tax Collection):					
Salaries and Wages	18,392	18,392	17,068		1,324
Other Expenses	4,000	4,000	1,457		2,543
Tax Assessment Administration:					
Salaries and Wages	22,562	22,562	22,344		218
Other Expenses:					
Other Professional,Consultant & Services(Tax Map)	2,000	2,000	2,000		-
Miscellaneous Other Expenses	4,000	4,000	591		3,409
Legal Services (Legal Dept.):					
Other Expenses:					
Regular Counsel	35,000	35,000	20,861		14,139
Engineering Services:					
Other Expenses	26,000	26,000	10,348		15,652
Historial Sites:					
Other Expenses	1,000	1,000	-		1,000
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	11,911	11,911	11,796		115
Other Expenses	7,000	7,000	3,063		3,937

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>	
CODE ENFORCEMENT AND ADMINISTRATION:				
Code Enforcement Officer:				
Salaries and Wages	13,743	13,743	13,743	-
Other Expenses	300	300	248	52
INSURANCE:				
Liability Insurance	50,000	50,000	39,451	10,549
Workers Compensation Insurance	5,421	5,421	-	5,421
Employee Health Insurance	43,000	43,000	39,304	3,696
Unemployment Insurance	1,300	1,300	-	1,300
Other Insurance Premiums	450	450	-	450
PUBLIC SAFETY FUNCTIONS:				
Office of Emergency Management:				
Salaries and Wages	2,526	2,526	2,502	24
Other Expenses	5,000	5,000	156	4,844
Aid to Volunteer Fire Companies-Adjoining	20,000	20,000	20,000	-
Contribution to First Aid Organizations	8,000	8,000	-	8,000
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	180,000	180,000	161,233	18,767
Other Expenses	124,500	124,500	104,192	20,308
Solid Waste Collection(Recycling Program):				
Salaries and Wages	261	261	-	261
Other Expenses	250	250	-	250
Buildings and Grounds:				
Other Expenses	9,000	14,000	12,545	1,455
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control Services:				
Salaries and Wages	10,364	10,364	10,221	143
Other Expenses	100	100	-	100
Contribution to Senior Citizens Center	3,000	3,000	3,000	-
PARKS AND RECREATION:				
Recreation Services and Programs:				
Salaries and Wages	1,019	1,019	-	1,019
Other Expenses	1,000	1,000	-	1,000
OTHER COMMON OPERATING FUNCTIONS:				
(Unclassified):				
Celebration of Public Events	1,200	1,200	500	700
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	3,000	3,600	3,172	428
Telephone	9,000	11,000	10,457	543
Gas (Natural or Propane)	8,000	8,000	6,917	1,083
Fuel Oil	6,000	6,000	2,768	3,232

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

CURRENT FUND
STATEMENT OF EXPENDITURES

<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>RESERVED</u>	<u>BALANCE</u>	<u>CANCELED</u>

OPERATIONS-Within "CAPS"

Total Operations - Within "CAPS"	804,440	804,440	657,348	147,092	-
Detail:					
Salaries and Wages	354,369	354,462	317,302	37,160	-
Other Expenses	450,071	449,978	340,046	109,932	-

DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"

Statutory Expenditures:					
Social Security	27,000	27,000	26,431	569	
Contribution to:					
PERS	38,063	38,063	38,063	-	
Total Deferred Charges and Statutory Expenditures Within "CAPS"	65,063	65,063	64,494	569	-

Total General Appropriations for Municipal Purposes - Within "CAPS"	869,503	869,503	721,842	147,661	-
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Other Operations-Excluded from "CAPS":

COAH Other Expenses	2,400	2,400		2,400	
Other Expenses-Interlocal Municipal Service Agreements:					
North Warren Court	20,000	20,000	8,964	11,036	
Total Other Operations-Excluded from "CAPS"	22,400	22,400	8,964	13,436	-

CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS":

Capital Improvement Fund	150,000	150,000	150,000		
Total Capital Improvements-Excluded from "CAPS"	150,000	150,000	150,000		

Total Operations-Excluded from "CAPS"	172,400	172,400	158,964	13,436	-
--	----------------	----------------	----------------	---------------	----------

Detail:					
Salaries and Wages	-	-	-	-	
Other Expenses	172,400	172,400	158,964	13,436	-

MUNICIPAL DEBT SERVICE- EXCLUDED from "CAPS":

Payment of Notes	60,000	60,000	60,000		
Note Interest	6,000	6,000	5,564	\$	436
Total Municipal Debt Service	66,000	66,000	65,564	-	436

DEFERRED CHARGES AND STATUTORY EXPENDITURES- EXCLUDED from "CAPS":

Capital Ordinance - #2010-08 Millbrook/Stillwater Road	3,440	3,440	3,440		
Total Deferred Charges and Statutory Expenditures	3,440	3,440	3,440	-	0

Total General Appropriations for Municipal Purposes Excl. from "CAPS"	241,840	241,840	227,968	13,436	436
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Subtotal General Appropriations	1,111,343	1,111,343	949,810	161,097	436
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RESERVE FOR UNCOLLECTED TAXES	212,670	212,670	212,670		
TOTALS	\$ 1,324,013	\$ 1,324,013	\$ 1,162,480	\$ 161,097	\$ 436

A

Adopted Budget	<u>REF.</u>				
	A-2	\$ 1,324,013			
		\$ 1,324,013			
			<u>TOTAL</u>		
Reserve for State Grants	A-20		-		
Deferred Charges-Capital	C-4	\$	3,440		
Reserve for Uncollected Taxes	A-2		212,670		
Reserve for Encumbrances	A-10		946,370		
			<u>\$ 1,162,480</u>		

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>12/31/21</u>	<u>BALANCE</u> <u>12/31/20</u>
<u>ASSETS</u>			
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 19,036	\$ 19,076
Amount Due Current Fund	B-5	11,440	10,529
Total Dog License Fund		<u>30,476</u>	<u>29,605</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	359,482	306,010
Amount Due Current Fund	B-6	24,976	50,033
Total Other Trust Fund		<u>384,458</u>	<u>356,043</u>
TOTAL ASSETS		<u>\$ 414,934</u>	<u>\$ 385,648</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 30,155	\$ 29,276
Due State of New Jersey	B-4	321	329
Total Dog License Fund		<u>30,476</u>	<u>29,605</u>
Other Trust Fund:			
Reserve for Planning Board Escrow Deposits	B-7	28,296	26,538
Reserve for Driveway Bond Deposits	B-8	33,400	33,370
Reserve for Recreation Escrow Deposits	B-9	4,293	3,291
Reserve for Municipal Open Space Tax	B-10	218,147	200,446
Reserve for Snow Removal Deposits	B-11	23,090	8,075
Reserve for COAH	B-12	10,307	9,402
Reserve for Third Party Liens and Tax Sale Premiums	B-13	42,780	46,934
Reserve for Closed Property Trust	B-14	24,145	27,987
Total Other Trust Fund		<u>384,458</u>	<u>356,043</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 414,934</u>	<u>\$ 385,648</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

		<u>BALANCE</u>		<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/21</u>		<u>12/31/20</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	C-2	\$ 9,833	\$	9,818
Due Current Fund	C-3	205,401		-
Due Grants Fund	C-9	63,500		63,500
Grants Receivable - Millbrook/Stillwater Road	C-10	-		26,911
Deferred Charges To Future Taxation:				
Unfunded	C-4	<u>525,440</u>		<u>246,880</u>
TOTAL ASSETS		<u>\$ 804,174</u>		<u>\$ 347,109</u>

LIABILITIES, RESERVES AND FUND BALANCE

Due Current Fund	C-3		\$	8,705
Bond Anticipation Notes Payable	C-8	\$ 180,000		240,000
Reserve for Road Equipment	C-5	529		529
Capital Improvement Fund	C-6	791		53,791
Reserve for Debt Service - Millbrook/Stillwater Road	C-11	80,175		
Improvement Authorizations:				
Funded	C-7	207,426		42,284
Unfunded	C-7	333,453		-
Fund Balance	C-1	<u>1,800</u>		<u>1,800</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 804,174</u>		<u>\$ 347,109</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	REF.	
Balance December 31, 2020	C	\$ 1,800
Balance December 31, 2021	C	<u>\$ 1,800</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, 2021

F

	BALANCE <u>12/31/20</u>	BALANCE <u>12/31/21</u>
General Fixed Assets:		
Land	\$ 342,300	\$ 342,300
Buildings	769,967	769,967
Machinery and Equipment	<u>1,149,627</u>	<u>1,149,627</u>
Total General Fixed Assets	<u>\$ 2,261,894</u>	<u>\$ 2,261,894</u>
Investment In General Fixed Assets	<u>\$ 2,261,894</u>	<u>\$ 2,261,894</u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

	BALANCE <u>12/31/21</u>	BALANCE <u>12/31/20</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>6,773</u>	<u>(3,068)</u>
TOTAL ASSETS	\$ <u>6,773</u>	<u>(3,068)</u>

<u>LIABILITIES AND RESERVES</u>		
Payroll Deductions Payable	\$ <u>6,773</u>	<u>(3,068)</u>
TOTAL LIABILITIES AND RESERVES	\$ <u>6,773</u>	<u>(3,068)</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021, 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, 2021, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$ 2,971,458	\$ 2,971,458
Total	<u>\$ 2,971,458</u>	<u>\$ 2,971,458</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 2: CASH AND CASH EQUIVALENTS-(Continued)

The carrying amount of the municipality's cash and cash equivalents at December 31, 2021, was \$2,971,458 and the bank balance was \$3,197,648. 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, \$296,514 was covered by federal depository insurances and \$2,901,134 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:

	Beginning Balance	Issued	Paid	Ending Balance
Long Term Debt:				
Bond Anticipation Notes	\$ 240,000		\$ 60,000	\$ 180,000
Compensated absences payable	None			None
Total Long-Term Debt	\$ 240,000	-	\$ 60,000	\$ 180,000

Summary of Municipal Debt

	YEAR <u>2021</u>	YEAR <u>2020</u>	YEAR <u>2019</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 180,000	\$ 240,000	\$ 300,000
Total Deductions	-	-	-
Net Debt Issued	180,000	240,000	300,000
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	345,440	6,880	10,320
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 525,440	\$ 246,880	\$ 310,320

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 0.261%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 525,440	-	\$ 525,440
	<u>\$ 525,440</u>	<u>-</u>	<u>\$ 525,440</u>

Net Debt \$525,440	Divided by Equalized Valuation Basis per	
N.J.S.A. 40A:2-2 as amended,	\$ 201,082,039	= 0.261%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,037,871
Net Debt	<u>525,440</u>
Remaining Borrowing Power	<u>\$ 6,512,431</u>

Bond Anticipation Notes

The Township has outstanding at December 31, 2021, a bond anticipation note in the amount of \$180,000 payable to the Amboy Bank. This note matures on April 29, 2022. The interest rate on the note was 0.52% 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>\$ 180,000</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4: GENERAL FIXED ASSETS

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

	<u>1/1/2021</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>12/31/2021</u>
Land	\$ 342,300			\$ 342,300
Buildings	769,967			769,967
Equipment	<u>1,149,627</u>	<u>-</u>	<u>-</u>	<u>1,149,627</u>
	<u>\$ 2,261,894</u>	<u>-</u>	<u>None</u>	<u>\$ 2,261,894</u>
	<u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2020</u>
Land	\$ 342,300			\$ 342,300
Buildings	769,967			769,967
Equipment	<u>1,111,228</u>	<u>\$ 38,399</u>	<u>-</u>	<u>1,149,627</u>
	<u>\$ 2,223,495</u>	<u>\$ 38,399</u>	<u>None</u>	<u>\$ 2,261,894</u>

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2021, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2022, were as follows:

Current Fund - \$	235,000 *
* - 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, 2021, 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>12/31/21</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/21</u>	BALANCE <u>12/31/220</u>	TOTAL DEFERRED TAX <u>12/31/20</u>	REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/21</u>	BALANCE <u>12/31/20</u>
Balance of Tax		\$ 463,957	\$ 484,693		\$ 438,268	\$ 256,322
Deferred		<u>480,484</u>	<u>480,484</u>		<u>539,651</u>	<u>539,651</u>
Tax Payable		<u>\$ 944,441</u>	<u>\$ 965,177</u>		<u>\$ 977,919</u>	<u>\$ 795,973</u>
Tax Deferred	<u>\$ 1,020,135</u>			<u>\$ 1,020,135</u>		

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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/annrprts.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, 2021

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, 2021, the municipality disclosed a liability of \$544,176 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2021. 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, 2020 and 2019. At June 30, 2020, the municipality's proportion was 0.00333% which was an decrease of 0.00006 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the municipality's portion of the plan's pension expense was \$15,334 At June 30, 2021, 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, 2021

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	\$ 9,909	\$ 1,924
Changes of assumptions	17,654	227,852
Net difference between projected and actual earnings on pension plan investments	18,600	-
Changes in proportion and differences between municipality contributions and proportionate share of contributions	29,865	26,136
Total	<u>\$ 76,028</u>	<u>\$ 255,912</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>
2021	(\$66,897)
2022	(60,990)
2022	(34,854)
2023	(14,094)
2024	(3,048)
Total	<u>(\$179,884)</u>

	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$3,149,522,616	\$2,347,583,337
Collective deferred inflows of resources	7,645,087,574	7,849,949,467
Collective net pension liability (Non State - Local Group)	\$18,018,482,972	\$16,307,379,052
municipality's proportionate share of net pension liability	\$612,295	\$544,176
municipality's proportion %	0.00339815%	0.00333699%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8: PENSION PLANS (Continued)

Actuarial assumptions - The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation:	2.75% Price, 3.25% Wage
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2019.

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. develop markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
Public High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	50.00%
US Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8: PENSION PLANS (Continued)

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Municipality's proportionate share of the net pension liability	\$ 685,027	\$544,176	\$ 424,660

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-rpts-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, 2021

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

<u>Year</u> <u>Funding</u>	Annual Pension <u>Contribution</u>	Percentage of Contribution <u>Paid</u>
2021	\$38,063	100%
2020	\$34,608	100%
2019	\$33,372	100%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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, 2021:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ -	\$ 531,696
Other Trust Funds	24,976	-
Dog License Fund	11,440	-
General Capital Fund	268,901	-
Grants Fund	289,879	63,500
	<u>\$ 595,196</u>	<u>\$ 595,196</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, 2021

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.

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, 2020	A		\$ 1,997,687
Increased by Receipts:			
Collector	A-5	\$ 5,445,508	
Miscellaneous Revenue Not Anticipated	A-2	86,303	
Revenue Accounts Receivable	A-9	284,500	
Amount Due State of N.J. for Senior Citizens/Veterans Deductions	A-18	12,250	
State Grants	A-19:21	94,559	
Other Reserve Receipts	A-22	22,606	
Interfunds Returned/(Advanced) - General Capital Fund	C	214,106	
Interfunds Returned/(Advanced) - Other Trust and Animal Control Funds	B	(71,751)	
		6,088,081	8,085,768
Decreased by Disbursements:			
Refund of Prior Year Revenues	A-1	287	
Reserve for Encumbrances	A-10	944,492	
Prior Year Appropriation Reserves	A-11	49,108	
Tax Overpayments	A-13	-	
County Taxes	A-14	1,399,018	
Local District School Tax	A-15	1,279,990	
Regional High School Tax	A-16	1,774,011	
Municipal Open Space	A-17	13,990	
State Grant Funds	A-20	4,538	
Other Reserve Disbursements	A-22	44,000	
		5,509,434	
Balance December 31, 2021	A		\$ 2,576,334

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$ 19,234	
Miscellaneous Revenue Not Anticipated	A-2	200	
Taxes Receivable	A-6	5,383,440	
2022 Prepaid Taxes	A-12	42,634	
Tax Overpayments	A-13	<u>-</u>	\$ <u>5,445,508</u>
Payments to Treasurer	A-4		\$ <u>5,445,508</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2020	A	<u>None</u>
Balance December 31, 2021	A	<u>None</u>

CURRENT FUND
SCHEDULE OF FORECLOSED PROPERTY

A-8

	<u>REF.</u>	
Balance December 31, 2020	A	<u>\$ 196,700</u>
Balance December 31, 2021	A	<u>\$ 196,700</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>BALANCE</u> <u>12/31/20</u>	<u>ACCRUED</u> <u>IN 2021</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/21</u>
Cell Tower Rentals		\$ 129,177	\$ 129,177	
Energy Receipts Tax		120,959	120,959	
Garden State Trust Fund		34,364	34,364	
Totals	-	\$ 284,500	\$ 284,500	-
REF.	A		A-4	A

CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

A-10

REF.

Increased by:

Charges to 2021 Budget Appropriations	A-3	\$ 946,370
		<u>946,370</u>

Decreased by:

Canceled/(Added) - Non-Budget Payments	A-4	<u>944,492</u>
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Balance December 31, 2021	A	<u><u>\$ 1,878</u></u>
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CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2020

A-11

	<u>BALANCE</u> <u>12/31/20</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Finance Administration:				
Other Expenses		\$ 752	\$ 752	-
Computer Service:	\$ 9,885	-	-	-
Legal:				
Other Expenses	531	6,803	6,803	-
Engineering:				
Other Expenses	1,852	4,329	4,329	-
Administration:				
Other Expenses	665	665	506	\$ 159
Other Professionals	1,900	-	-	-
Human Resources - Personnel Training	1,000	-	-	-
Land Use:				
Other Expenses	4,518	4,518	554	3,964
First Aid Contribution:	8,000	8,000	8,000	
Road Repairs and Maintenance:				
Salaries & Wages	6,324	3,110	-	3,110
Other Expenses	30,140	30,140	15,212	14,928
Building and Grounds:				
Other Expenses	4,187	10,685	10,685	-
Recreation:				
Other Expenses	1,000	1,000	1,000	-
Utilities:				
Gas-Natural Propane	4,954	4,954	1,267	3,687
All Accounts - No Change	19,518	19,518	-	19,518
 TOTALS	 <u>\$ 94,474</u>	 <u>\$ 94,474</u>	 <u>\$ 49,108</u>	 <u>\$ 45,366</u>

REF.

A

A

A-4

A-1

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-12

	<u>REF.</u>	
Balance December 31, 2020	A	\$ 34,862
Increased by:		
2022 Taxes Collected in Advance	A-5	<u>42,634</u>
		77,496
Decreased by:		
Applied to 2021 Taxes Receivable	A-6	<u>34,862</u>
Balance December 31, 2021	A	<u>\$ 42,634</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-13

	<u>REF.</u>	
Balance December 31, 2020	A	\$ 1,839
Balance December 31, 2021	A	<u>\$ 1,839</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-14

	<u>REF.</u>	
Balance December 31, 2020	A	\$ 3,390
Increased by:		
2021 Levy:		
County Taxes	A-1:6	\$ 1,255,775
County Library Taxes	A-1:6	100,507
County Open Space Tax	A-1:6	39,346
Added and Omitted Taxes	A-1:6	<u>4,403</u>
		<u>1,400,031</u>
		1,403,421
Decreased by:		
Payments	A-4	<u>1,399,018</u>
Balance December 31, 2021	A	<u>\$ 4,403</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

REF.

Balance December 31, 2020:

School Tax Payable	\$ 484,693	
School Tax Deferred	<u>480,484</u>	\$ 965,177

Increased by:

Levy - School Year July 1, 2021 to June 30, 2022	A-6	<u>1,259,254</u>
		2,224,431

Decreased by:

Payments	A-4	<u>1,279,990</u>
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Balance December 31, 2021:

School Tax Payable	A	463,957
School Tax Deferred		<u>480,484</u>
		<u>\$ 944,441</u>

2021 Liability for Local District School Tax:

Tax Paid		\$ 1,279,990
Tax Payable 12/31/20		<u>944,441</u>
		2,224,431

Less -- Tax Payable 12/31/19		<u>965,177</u>
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Amount Charged to 2021 Operations

	A-1	<u>\$ 1,259,254</u>
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CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-16

REF.

Balance December 31, 2020:

School Tax Payable	\$ 256,322		
School Tax Deferred	<u>539,651</u>	\$	795,973

Increased by:

Levy - School Year July 1, 2021 to June 30, 2022	A-6		<u>1,955,957</u>
			2,751,930

Decreased by:

Payments	A-4		<u>1,774,011</u>
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Balance December 31, 2021:

School Tax Payable	A	438,268	
School Tax Deferred		<u>539,651</u>	\$ <u>977,919</u>

2021 Liability for Regional High School Tax:

Tax Paid		\$ 1,774,011	
Tax Payable 12/31/20		<u>977,919</u>	
			2,751,930

Less -- Tax Payable 12/31/19			<u>795,973</u>
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Amount Charged to 2021 Operations

	A-1		<u>\$ 1,955,957</u>
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CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-17

	<u>REF.</u>	
Balance December 31, 2020	A	\$ 33,478
Increased by:		
Open Space Tax Levy 2021	A-6	<u>31,412</u>
		64,890
Decreased by:		
Open Space Expenditures	A-4	<u>13,990</u>
Balance December 31, 2021	A	<u>\$ 50,900</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, 2020	A	\$	(449)
Increased by:			
Veterans Deductions per Tax Billings	A-6	\$	1,500
Senior Citizens Deductions per Tax Billings	A-6		10,750
Senior Citizens Deductions Allowed By Tax Collector	A-6		<u>1,000</u>
			<u>13,250</u>
			12,801
Decreased by:			
Senior Citizens Deductions Disallowed By Tax Collector			-
Received in Cash from State	A-4		<u>12,250</u>
			<u>12,250</u>
Balance December 31, 2021	A	\$	<u>551</u>

ANALYSIS OF BALANCE:

Amount Due To State of N.J. -- Pre 1/1/78		\$	2,022
Amount Due From State of N.J. -- Post 1/1/78		(1,471)	<u>\$ 551</u>

CURRENT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/20</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/21</u>
Recycling Tonnage Grant	\$ 16,495	\$ 582	\$ 15,913
Storm Water Grant	5,000		5,000
Totals	<u>\$ 21,495</u>	<u>\$ 582</u>	<u>\$ 20,913</u>
REF.	A	A-4	A

CURRENT FUND
SCHEDULE OF STATE GRANTS RESERVE - APPROPRIATED

A-20

	<u>BALANCE</u> <u>12/31/20</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>12/31/21</u>
Municipal Alliance - County Share	\$ 516		\$ 516
Clean Communities Grant	15,513	\$ 4,038	11,475
Recycling Tonnage Grant	35,122	500	34,622
PSE&G Settlement	104,686		104,686
PILT - Warren County	706		706
Totals	\$ 156,543	\$ 4,538	\$ 152,005
REF.	A	A-4	A

CURRENT FUND
SCHEDULE OF STATE GRANTS RESERVE - UNAPPROPRIATED

A-21

	<u>BALANCE</u> <u>12/31/20</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/21</u>
Municipal Alliance on Alcohol	\$ 1,310	\$ 454		\$ 1,764
Clean Communities	827	8,794	\$ 827	8,794
American Rescue Plan (ARP)		84,729		84,729
Totals	<u>\$ 2,137</u>	<u>\$ 93,977</u>	<u>\$ 827</u>	<u>\$ 95,287</u>
REF.	A	A-4	A-1	A

CURRENT FUND
SCHEDULE OF OTHER RESERVES

A-22

	<u>REF.</u>	
Balance December 31, 2020	A	\$ 48,975
Increased by:		
Federal PILT Receipt Passed Through County of Warren	A-4	<u>22,606</u>
		71,581
Decreased by:		
Knowlton Township -Six Year Contribution	A-4	\$ 30,000
PILT Donation to Local Volunteer Fire Departments for Public Safety	A-4	<u>14,000</u>
		<u>44,000</u>
Balance December 31, 2021	A	<u>\$ 27,581</u>
<u>Detail:</u>		
PILT Reserve		<u>\$ 27,581</u>
		<u>\$ 27,581</u>

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, 2020	B	\$ 19,076	\$ 306,010
Increased by Receipts:			
Dog License Fees	B-3	3,216	
State Dog License Fees	B-4	613	
Planning Board Escrow Deposits	B-7		15
Driveway Bond Deposits	B-8		30
Recreation Deposits	B-9		1,002
Special District Tax - Open Space	B-10		279
Snow Removal Receipts	B-11		15,015
COAH Receipts	B-12		40,760
Tax Lien/Premium Receipts	B-13		33,684
Closed Property Receipts	B-14	-	525
Total Receipts		<u>3,829</u>	<u>91,310</u>
		<u>22,905</u>	<u>397,320</u>
Decreased by Disbursements:			
Expenditures Under R.S. 4:29-15.11	B-3	3,224	
State Dog License Fees Remitted	B-4	621	
Due Current Fund	B-5	24	
Lien Refunds	B-13	-	37,838
Total Disbursements		<u>3,869</u>	<u>37,838</u>
Balance December 31, 2021	B	<u>\$ 19,036</u>	<u>\$ 359,482</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2020	B	\$ 29,276
Increased by:		
Dog License Fees	B-2	\$ 3,216
Dog License Fees Received by Current Fund	B-5	<u>3,844</u> <u>7,060</u>
		36,336
Decreased by:		
Expenditures Under R.S.4:29-15.11 Paid by Current Fund	B-5	2,957
Expenditures Under R.S.4:29-15.11.	B-2	<u>3,224</u> <u>6,181</u>
Balance December 31, 2021	B	<u>\$ 30,155</u>

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

B-4

	<u>REF.</u>	
Balance December 31, 2020	B	\$ 329
Increased by:		
Collected in 2021:		
State Board of Health Fees	B-2	<u>613</u> 942
Decreased by:		
Payments	B-2	<u>621</u>
Balance December 31, 2021	B	<u>\$ 321</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2020	B	\$ (10,529)
Increased by:		
Dog Expenditures Paid from Current Fund	B-3	<u>2,957</u> (7,572)
Decreased by:		
Interest Credits Earned	B-2	\$ 24
License Fees Received in Current Fund	B-3	<u>3,844</u> <u>3,868</u>
Balance December 31, 2021	B	<u>\$ (11,440)</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
OTHER TRUST FUND

B-6

	<u>REF.</u>		
Balance December 31, 2020	B	\$	50,033
Increased by:			
Developer's Escrow Received in Current Fund	B-7	\$	4,788
Municipal Open Space Levy	B-10	31,412	<u>36,200</u>
			86,233
Decreased by:			
Developer's Escrow Expenditures Paid from Current Fund	B-7	3,045	
COAH Expenditures Paid from Current Fund	B-12	39,855	
Vacated Property Expenditures Paid from Current Fund	B-14	4,367	
Municipal Open Space Expenditures Paid from Current Fund	B-10	<u>13,990</u>	<u>61,257</u>
Balance December 31, 2021	B	\$	<u>24,976</u>
<u>Detail of Balance - Receivable/(Payable):</u>			
Municipal Open Space		\$	50,900
Tax Sale Premiums			14,485
Closed and Vacated Properties			9,133
COAH			(39,855)
Developer's Escrow			(8,930)
Recreation			<u>(757)</u>
Total Receivables		\$	<u>24,976</u>

TRUST FUND
SCHEDULE OF RESERVE FOR PLANNING BOARD ESCROW DEPOSITS

B-7

	<u>REF.</u>		
Balance December 31, 2020	B	\$	26,538
Increased by:			
Developer's Escrow Received in Current Fund	B-6	\$	4,788
Escrow Deposits	B-2	<u>15</u>	<u>4,803</u>
			31,341
Decreased by:			
Escrow Deposits Refunded from Current Fund Account	B-6	3,045	
Escrow Deposits Refunded	B-2	<u>-</u>	<u>3,045</u>
Balance December 31, 2021	B	\$	<u>28,296</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BOND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2020	B	\$ 33,370
Increased by:		
Driveway Bond Deposits	B-2	_____ 30 33,400
Balance December 31, 2021	B	<u>\$ 33,400</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION ESCROW DEPOSITS

B-9

	<u>REF.</u>	
Balance December 31, 2020	B	\$ 3,291
Increased by:		
Deposits	B-2	<u>1,002</u>
		4,293
Balance December 31, 2021	B	<u>\$ 4,293</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TAXES

B-10

REF.

Balance December 31, 2020	B		\$ 200,446
Increased by:			
2021 Levy:			
Interest Credits and Other Reimbursements	B-2	\$ 279	
Open Space Tax Levy	B-6	<u>31,412</u>	<u>31,691</u>
			232,137
Decreased by:			
Open Space Expenditures - Paid from Current Fund	B-6	13,990	
Open Space Expenditures	B-2	<u>-</u>	<u>13,990</u>
Balance December 31, 2021	B		<u>\$ 218,147</u>

TRUST FUND
SCHEDULE OF RESERVE FOR SNOW REMOVAL

B-11

	<u>REF.</u>	
Balance December 31, 2020	B	\$ 8,075
Increased by:		
Deposits	B-2	<u>15,015</u>
		23,090
Balance December 31, 2021	B	<u>\$ 23,090</u>

TRUST FUND
SCHEDULE OF RESERVE FOR COAH

B-12

	<u>REF.</u>	
Balance December 31, 2020	<u>B</u>	\$ 9,402
Increased by:		
Coah Receipts	B-2	<u>40,760</u>
		50,162
Decreased by:		
Coah Disbursements	B-6	<u>39,855</u>
Balance December 31, 2021	<u>B</u>	<u>\$ 10,307</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-13

	<u>REF.</u>					
Balance December 31, 2020	B	\$ 46,934				
Increased by:						
Third Party Liens Received by Collector	B-2	\$ 33,651				
Interest Credits	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">33</td> <td style="text-align: right; border-bottom: 1px solid black;">33,684</td> </tr> <tr> <td></td> <td style="text-align: right;">80,618</td> </tr> </table>	33	33,684		80,618
33	33,684					
	80,618					
Decreased by:						
Refunds to Lien Holders	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td></td> <td style="text-align: right; border-bottom: 1px solid black;">37,838</td> </tr> </table>		37,838		
	37,838					
Balance December 31, 2021	B	\$ <u>42,780</u>				
Third Party Tax Liens		\$ 30,529				
Tax Sale Premiums		<table style="margin-left: auto; margin-right: 0;"> <tr> <td></td> <td style="text-align: right; border-bottom: 1px solid black;">12,251</td> </tr> <tr> <td></td> <td style="text-align: right; border-bottom: 3px double black;">\$ 42,780</td> </tr> </table>		12,251		\$ 42,780
	12,251					
	\$ 42,780					

TRUST FUND
SCHEDULE OF RESERVE FOR CLOSED PROPERTY

B-14

	<u>REF.</u>	
Balance December 31, 2020	B	\$ 27,987
Increased by:		
Receipts	B-2	<u>525</u>
		28,512
Decreased by:		
Disbursements Paid from Current Fund	B-6	<u>4,367</u>
Balance December 31, 2021	B	<u>\$ 24,145</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>	
Balance December 31, 2020	C	\$ 9,818
Increased by:		
Interest Earned	C-3	<u>15</u>
		9,833
Balance December 31, 2021	C	<u>\$ 9,833</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>		
Balance December 31, 2020		\$	(8,705)
Increased by:			
Budgeted Appropriation Capital Improvement Fund	C-6	\$ 150,000	
Budgeted Appropriation Deferred Charge	C-4	3,440	
State Aid Received	C-10	26,911	
Reserve for Debt Service - Millbrook Stillwater Road	C-11	<u>80,175</u>	<u>260,526</u>
			251,821
Decreased by:			
Interest Due Current Fund	C-2	15	
Improvement Authorizations Paid by Current Fund	C-7	<u>46,405</u>	<u>46,420</u>
			46,420
Balance December 31, 2021		\$	<u>205,401</u>

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

C-4

<u>IMPROVEMENT DESCRIPTION</u>	BALANCE <u>12/31/20</u>	<u>2021</u> <u>AUTHORIZATIONS</u>	DECREASED	DECREASED	BALANCE <u>12/31/21</u>	<u>ANALYSIS OF BALANCE</u>	
			CURRENT BUDGET <u>DEFERRED CHG</u>	CURRENT BUDGET <u>DEBT SERVICE</u>		<u>DEBT</u> <u>AUTHORIZED</u> <u>NOT ISSUED</u>	<u>DEBT</u> <u>ISSUED</u>
Millbrook-Stillwater Road	\$ 6,880		\$ 3,440		\$ 3,440	\$ 3,440	-
Salt Shed and Various Road Resurfacing Amended 7/2/14 to include a John Deere Front Ldr.	240,000			\$ 60,000	180,000		\$ 180,000
Various Road Resurfacing & Vehicle		\$ 342,000			342,000	342,000	
	<u>\$ 246,880</u>	<u>\$ 342,000</u>	<u>\$ 3,440</u>	<u>\$ 60,000</u>	<u>\$ 525,440</u>	<u>\$ 345,440</u>	<u>\$ 180,000</u>
REF.	C	C-7	C-3	C-8	C		C-8

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ROAD EQUIPMENT

C-5

	<u>REF.</u>	
Balance December 31, 2020	C	<u>\$ 529</u>
Balance December 31, 2021	C	<u>\$ 529</u>

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2020	C	\$ 53,791
Increased by:		
2021 Budget Appropriation - Capital Improvement Fund	C-3	<u>150,000</u>
		203,791
Decreased by:		
Appropriated to fund Improvement Authorizations	C-7	<u>203,000</u>
Balance December 31, 2021	C	<u><u>\$ 791</u></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>12/31/20</u>		<u>DEFERRED</u> <u>CHARGES</u>	<u>CAPITAL</u> <u>IMPROVEMENT</u> <u>FUND</u>	<u>PAID</u>	<u>BALANCE</u> <u>12/31/21</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Improvements to Various Roads	2016-05	5-4-16	100,000	\$ 40,959					\$ 40,959	
Improvements to Various Township Roads	2018-09	9-5-18	50,000	1,325					1,325	
Resurfacing Millbrook Stillwater Road, Acquisition of DPW Mason Dump Truck	2021-05	7-7-21	360,000			\$ 342,000	\$ 18,000	\$ 26,547		\$ 333,453
Improvements to Various Roads	2021-07	10-6-21	150,000				150,000	3,935	146,065	
DPW Fuel Depot, Server Upgrade, Acquisition of Paulinskill Cul-de-sac	2021-08	10-20-21	35,000				35,000	15,923	19,077	
				\$ 42,284	-	\$ 342,000	\$ 203,000	\$ 46,405	\$ 207,426	\$ 333,453
REF.				C	C	C-4	C-6	C-3	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 12/31/20</u>	<u>DECREASED</u>	<u>BALANCE 12/31/21</u>
Salt Shed and Various Road Resurfacing	\$ 480,000	8/20/14	4/29/2022	\$ 180,000	0.520%	\$ 240,000	\$ 60,000	\$ 180,000
						<u>\$ 240,000</u>	<u>\$ 60,000</u>	<u>\$ 180,000</u>
REF.						C	C-4	C

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE GRANTS FUND

C-9

	<u>REF.</u>	
Balance December 31, 2020	C	\$ 63,500
Balance December 31, 2021	C	<u>\$ 63,500</u>

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

C-10

	<u>REF.</u>	
Balance December 31, 2020		\$ 26,911
Decreased by:		
Receipt of State Aid - Stillwater	C-3	<u>\$ 26,911</u>

PUBLIC ASSISTANCE FUND SCHEDULES

N/A

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2021

F-1

	<u>BALANCE</u> <u>12/31/20</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>12/31/21</u>
General Fixed Assets:			
Land	\$ 342,300		\$ 342,300
Buildings	769,967		769,967
Machinery and Equipment	<u>1,149,627</u>	<u>-</u>	<u>1,149,627</u>
Total General Fixed Assets	<u>\$ 2,261,894</u>	<u>-</u>	<u>\$ 2,261,894</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, 2020, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$44,000 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 6, 2021, 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.²

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 6, 2021, 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, 2021, include only real property items on the 2021 tax levy.

The last tax sale was held on June 2, 2021 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>
2021	None
2020	None
2019	None

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of November 15, 2021. 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:

<u>Verification Type</u>	Type of Receivable - Real Property Tax		Date of Circulars - November 15, 2021	
	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2021 Property Tax	Positive	980	60	18
2022 Property Tax	Positive	980	60	18
2021 Delinquent Tax	Negative	174	25	7

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 2021 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 2021</u>	<u>%</u>	<u>YEAR 2020</u>	<u>%</u>
Fund Balance Utilized	\$ 222,996	3.66%	\$ 201,996	3.56%
Miscellaneous - From Other Than				
Local Property Tax Levies	445,431	7.30%	401,084	7.07%
Collection of Delinquent Taxes and				
Tax Title Liens	96,936	1.59%	70,605	1.25%
Collection of Current Tax Levy	<u>5,334,616</u>	87.45%	<u>4,996,502</u>	88.12%
Total Income	<u>6,099,979</u>	<u>100.00%</u>	<u>5,670,187</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	1,133,063	19.60%	1,069,924	19.88%
County Taxes	1,400,031	24.22%	1,401,492	26.04%
Local and Regional Taxes	3,215,211	55.63%	2,878,847	53.49%
Municipal Open Space Tax	<u>31,412</u>	0.54%	<u>31,504</u>	0.59%
Total Expenditures	<u>5,779,717</u>	<u>100.00%</u>	<u>5,381,767</u>	<u>100.00%</u>
Excess in Revenue	320,262		288,420	
Statutory Excess to Fund Balance	320,262		288,420	
Fund Balance January 1	806,266		719,842	
Less:				
Utilization as Anticipated Revenue	<u>222,996</u>		<u>201,996</u>	
Fund Balance December 31	<u>\$ 903,532</u>		<u>\$ 806,266</u>	

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	<u>\$3.481</u>	<u>\$3.240</u>	<u>\$3.258</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.515	\$0.497	\$0.491
County	\$0.893	\$0.891	\$0.868
Local School	\$0.804	\$0.819	\$0.879
Regional High School	\$1.249	\$1.013	\$1.000
Municipal Open Space Tax	\$0.020	\$0.020	\$0.020

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2021	\$156,564,742
2020	\$157,139,242
2019	\$157,307,921

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>
2021	\$5,467,182	\$ 5,334,616	97.57%
2020	\$5,104,390	\$4,996,502	97.88%
2019	\$5,131,267	\$5,045,558	98.32%

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>
2021	-	\$131,660	\$131,660	2.41%
2020	-	\$92,240	\$92,240	1.81%
2019	-	\$69,223	\$69,223	1.35%

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>
2021	\$ 196,700
2020	196,700
2019	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>
2021	\$ 903,532	\$ 235,000	
2020	\$ 806,266	\$ 222,996	
2019	\$ 719,842	\$ 201,996	
2018	\$ 682,820	\$ 201,996	
2017	\$ 619,750	\$ 151,996	
2016	\$ 468,171	\$ 132,000	
2015	\$ 420,212	\$ 148,346	
2014	\$ 385,320	\$ 124,000	
2013	\$ 354,011	\$ 124,221	
2012	\$ 194,070	\$ 124,898	

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		
John C. Lovell	Deputy Mayor		
Jodi Butler	Committeeperson		
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>
2021	\$92,261

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

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

**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, 2021 and 2020, 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 15, 2022, 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.

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

ARDITO & COMPANY LLC

Frenchtown, New Jersey

April 15, 2022

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & COMPANY LLC

Frenchtown, New Jersey

April 15, 2022

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

K-3

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>CFDA</u>	<u>STATE</u> <u>ACCOUNT OR AWARD</u>	<u>PROGRAM</u> <u>AMOUNT</u>	<u>GRANT FUND</u> <u>PERIOD</u>	<u>REF.</u>	<u>CASH</u> <u>ACCRUED OR</u> <u>DEFERRED</u> <u>REVENUE</u> <u>BALANCE</u> <u>AT 1/1/21</u>	<u>RECEIPTS</u> <u>PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH</u> <u>ACCRUED OR</u> <u>DEFERRED</u> <u>REVENUE</u> <u>BALANCE</u> <u>AT 12/31/21</u>	<u>TOTAL</u> <u>DISBURSEMENTS</u>
<u>US DEPT. OF TRANSPORTATION</u>											
(Passed Through NJ Department of Transportation)											
Millbrook Stillwater Road	20.600	N/A	\$ 80,175	2021	C		\$ 80,175			\$ 80,175	
<u>US DEPT. OF TREASURY (Passed Through NJ Department of Treasury)</u>											
Coronavirus State and Local Fiscal Recovery Funds (SLFRF); American Rescue Plan	21.027	N/A	84,729	2021	A		84,729			84,729	
							- \$ 164,904	-	-	\$ 164,904	-

Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

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

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

K-4

STATE GRANTOR/PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/21	RECEIPTS		DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/21
						PROGRAM	OTHER		
<u>DEPT. OF ENVIR. PROTECTION</u>									
Solid Waste Admin.-Clean Communities	4900-765-178900	\$ 8,794	2021	A		\$ 8,794			\$ 8,794
			Prior Years	A	\$ 16,339		\$ (827)	\$ 4,038	\$ 11,474
Municipal Drug Alliance	N/A	454	2021	A		454			454
			Prior Years	A	1,753				1,753
<u>DEPT. OF ENVIRONMENTAL PROTECTION</u>									
Stormwater Management Grant	WQ05-574	5,000	2008	A	(5,000)				(5,000)
<u>OTHER AWARDS</u>									
Recycling Tonnage Grant			2021 & PY	A	18,627	582		500	18,709
PILT Grant - Warren County	Small Grant	11,167	2021		706				706
TOTAL STATE ASSISTANCE					\$ 32,425	\$ 9,830	(827)	\$ 4,538	\$ 36,890

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, 2021

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

2020 None

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2021

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 2021 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