

HARDWICK TOWNSHIP
COUNTY OF WARREN
REPORT OF AUDIT
2023

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF HARDWICK

WARREN COUNTY

REPORT OF AUDIT

2023

TOWNSHIP OF HARDWICK

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2023

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Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Hardwick Township
Hardwick, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of Hardwick Township, in the County of Warren (the "Township") as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Township as of December 31, 2023, in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Township as of December 31, 2023, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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 accompanying 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 each fund and account group of the Township as of December 31, 2023, or the changes in financial position thereof for the year then ended.

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division 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 audit opinions.

Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of fixed assets of the general fixed assets account group as of December 31, 2023. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

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

Other Matters

The financial statements of the Township as of December 31, 2022 were audited by other auditors whose report dated April 15, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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, *Government Auditing Standards* and audit requirements prescribed by the Division 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.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, 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.
- 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 of the various funds and account group that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

The Honorable Mayor and Members
of the Township Committee
Hardwick Township
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
April 12, 2024

NISIVOCCIA LLP

Andrew Kucinski
Registered Municipal Accountant #583
Certified Public Accountant

TOWNSHIP OF HARDWICK
COUNTY OF WARREN
2023
CURRENT FUND

TOWNSHIP OF HARDWICK
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 3,198,254.34	\$ 2,507,509.09
Total Cash and Cash Equivalents		<u>3,198,254.34</u>	<u>2,507,509.09</u>
Due from State of New Jersey -			
Senior Citizens' and Veterans' Deductions		1,300.55	1,300.55
Marriage Licenses		375.00	425.00
		<u>1,675.55</u>	<u>1,725.55</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-6	108,718.18	131,571.57
Tax Title Liens Receivable	A-7	42,552.49	41.76
Property Acquired for Taxes at Assessed Valuation		196,700.00	196,700.00
Due Animal Control Fund	B	19,261.00	
Due Other Trust Fund	B	35,464.04	49,133.33
Due General Capital Fund	C		140,275.00
Due Payroll Account		16,297.42	22,097.49
		<u>418,993.13</u>	<u>539,819.15</u>
Total Receivables and Other Assets With Full Reserves		<u>418,993.13</u>	<u>539,819.15</u>
Total Regular Fund		<u>3,618,923.02</u>	<u>3,049,053.79</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-12	20,242.45	20,913.63
Due from Current Fund	A	327,937.63	344,872.81
		<u>348,180.08</u>	<u>365,786.44</u>
Total Federal and State Grant Fund		<u>348,180.08</u>	<u>365,786.44</u>
<u>TOTAL ASSETS</u>		<u>\$ 3,967,103.10</u>	<u>\$ 3,414,840.23</u>

TOWNSHIP OF HARDWICK
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	Ref.	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 150,864.47	\$ 160,498.64
Encumbered	A-3;A-9		61,796.37
Total Appropriation Reserves		150,864.47	222,295.01
Prepaid Taxes		44,290.02	64,629.10
Tax Overpayments		1,856.43	1,838.98
County Taxes Payable		5,024.62	893.74
Due to Federal and State Grant Fund	A	327,937.63	344,872.81
Due to Animal Control Fund	B		11,179.95
Due General Capital Fund	C	130,338.55	
Accounts Payable - Vendors		10,947.25	
Local School District Taxes Payable	A-10	905,366.70	545,449.50
Regional High School District Taxes Payable	A-11	334,478.12	421,422.54
Reserve for Municipal Relief Fund Aid		12,679.65	6,310.00
Reserve for PILOT			36,491.48
Reserve for Sale of Municipal Assets		1,400.00	
Reserve for Garden State Trust Fund		5,164.00	
		1,930,347.44	1,655,383.11
Reserve for Receivables and Other Assets	A	418,993.13	540,244.15
Fund Balance	A-1	1,269,582.45	853,426.53
Total Regular Fund		3,618,923.02	3,049,053.79
Federal and State Grant Fund:			
Appropriated Reserves	A-13	92,172.11	126,422.19
Unappropriated Reserves	A-14	85,507.97	93,864.25
Due to General Capital Fund	B	145,500.00	145,500.00
Due to Other Trust Fund	B	25,000.00	
Total Federal and State Grant Fund		348,180.08	365,786.44
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 3,967,103.10	\$ 3,414,840.23

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF HARDWICK
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	200,000.00	\$ 235,000.00
Miscellaneous Revenue Anticipated		522,032.21	422,729.23
Receipts from:			
Delinquent Taxes		112,542.99	133,274.65
Current Taxes		5,367,242.33	5,451,913.75
Nonbudget Revenue		70,878.06	40,940.51
Other Credits to Income:			
Voided Checks			6,905.63
Interfunds and Other Receivables Returned		140,908.36	
Unexpended Balance of Appropriation Reserves		155,285.76	100,874.29
Cancellation of Reserve for PILOT by Resolution		35,241.48	
Total Income		<u>6,604,131.19</u>	<u>6,391,638.06</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		1,353,679.79	1,234,722.00
Local District School Taxes		1,430,954.00	1,422,240.00
Regional District School Taxes		1,748,377.00	1,922,267.00
Municipal Open Space Levy		31,410.41	31,450.32
County Taxes		1,401,765.46	1,413,755.63
County Share of Added Taxes		5,024.61	893.73
Refund of Prior Year Revenue		16,764.00	57.00
Interfunds Advanced			181,357.65
Total Expenditures		<u>5,987,975.27</u>	<u>6,206,743.33</u>
Excess in Revenue		<u>616,155.92</u>	<u>184,894.73</u>
Statutory Excess to Fund Balance		616,155.92	184,894.73
<u>Fund Balance</u>			
Balance January 1		<u>853,426.53</u>	<u>903,531.80</u>
		1,469,582.45	1,088,426.53
Decreased by:			
Utilized as Anticipated Revenue		<u>200,000.00</u>	<u>235,000.00</u>
Balance December 31	A	<u>\$ 1,269,582.45</u>	<u>\$ 853,426.53</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 200,000.00		\$ 200,000.00	
Miscellaneous Revenue:				
Interest and Costs on Taxes	20,000.00		23,729.26	\$ 3,729.26
Energy Receipts Tax	121,795.00		121,795.12	0.12
Garden State Preservation Trust Fund	22,315.00		22,315.00	
Municipal Relief Fund	6,246.68		6,246.68	
Clean Communities Program	8,977.12	\$ 10,068.74	19,045.86	
Stormwater Management Grant		25,000.00	25,000.00	
Municipal Alliance Program:				
State Share	157.93		157.93	
Cell Tower Rentals	90,000.00		223,567.36	133,567.36
Reserve to Pay Debt Service	80,175.00		80,175.00	
Total Miscellaneous Revenue	349,666.73	35,068.74	522,032.21	137,296.74
Receipts from Delinquent Taxes	125,000.00		112,542.99	12,457.01 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	875,023.17		980,789.70	105,766.53
Total Municipal Budget	875,023.17		980,789.70	105,766.53
Budget Totals	1,549,689.90	35,068.74	1,815,364.90	230,606.26
Nonbudget Revenue	\$ 1,549,689.90	\$ 35,068.74	70,878.06	70,878.06
			\$ 1,886,242.96	\$ 301,484.32

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 5,367,242.33
Allocated to County and School Taxes	<u>4,617,531.48</u>
Balance for Support of Municipal Budget	749,710.85
Add: Appropriation - Reserve for Uncollected Taxes	<u>231,078.85</u>
Realized for Support of Municipal Budget	<u><u>\$ 980,789.70</u></u>

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Interest on Investments	\$ 4,170.27	
Clerk's Reciepts	628.00	
Quill	540.33	
Cintas	171.72	
Cable TV Franshise Fee	969.00	
PILOT	24,813.20	
Tree Clean Up	218.00	
CERT List	10.00	
DPW Petty Cash	24.59	
Raffle License	20.00	
Water Extraction Permit	2,500.00	
Parking Officals Adjudication Act	20.00	
Tax Listing	20.00	
Value Assurance Program	2,224.73	
Shooting Range Permit	50.00	
Zoning Applications	4,875.00	
Driveway Permits	130.00	
Senior and Veteran Deductions 2% Administrative Fee	<u>204.93</u>	
		\$ 41,589.77
Statutory Excess Due From Animal Control Fund		<u>28,282.89</u>
		69,872.66

Interest Earned:

Due From Other Trust Fund	868.36
Due From General Capital Fund	<u>137.04</u>
	1,005.40
	<u><u>\$ 70,878.06</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS"					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 2,500.00	\$ 2,500.00		\$ 2,500.00	
Other Expenses	40,000.00	35,000.00	\$ 32,793.60	2,206.40	
Other Professionals	1.00	1.00		1.00	
Human Resources:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Mayor and Council:					
Salaries & Wages	10,575.00	10,575.00	3,605.00	6,970.00	
Other Expenses	2,000.00	3,752.30	3,752.30		
Municipal Clerk:					
Other Expenses	52,000.00	52,000.00	51,500.00	500.00	
Financial Administration:					
Salaries & Wages	19,750.00	27,500.01	27,500.01		
Other Expenses	3,000.00	4,412.17	4,412.17		
Audit	24,000.00	24,000.00	23,731.00	269.00	
Computerized Data Processing:					
Other Expenses	10,000.00				
Collection of Taxes (Revenue Administration):					
Other Expenses	21,000.00	22,751.22	22,751.22		
Assessment of Taxes:					
Miscellaneous Other Expenses	28,500.00	28,874.72	28,874.72		
Legal Services and Costs:					
Other Expenses	35,000.00	37,785.01	37,785.01		
Engineering Services and Costs:					
Other Expenses	30,000.00	30,000.00	13,002.04	16,997.96	

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55d-1):					
Planning Board:					
Salaries & Wages	\$ 12,750.00	\$ 12,750.00	\$ 12,484.29	\$ 265.71	
Other Expenses	5,000.00	5,000.00	637.58	4,362.42	
CODE ENFORCEMENT AND ADMINISTRATION:					
Code Enforcement Officer:					
Salaries & Wages	15,400.00	17,085.03	17,085.03		
Other Expenses	500.00	500.00		500.00	
INSURANCE:					
General Liability	55,000.00	55,000.00	46,367.00	8,633.00	
Employee Group Health	46,000.00	46,000.00	43,380.08	2,619.92	
Unemployment Insurance	500.00	500.00		500.00	
Other Insurance Premiums	100.00	100.00		100.00	
PUBLIC SAFETY:					
Emergency Management System:					
Salaries & Wages	1.00	1.00		1.00	
Other Expenses	3,000.00				
Aid to Volunteer Fire Companies					
Blairstown	20,000.00	20,000.00	20,000.00		
Stillwater	8,000.00	8,000.00	5,400.00	2,600.00	
Contribution to First Aid Organizations	8,000.00	8,000.00		8,000.00	

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
PUBLIC WORKS FUNCTIONS:					
Street and Road Maintenance:					
Salaries & Wages	\$ 230,000.00	\$ 230,000.00	\$ 216,054.40	\$ 13,945.60	
Other Expenses	120,000.00	119,328.54	76,630.58	42,697.96	
Solid Waste Collection:					
Salaries & Wages	1.00	1.00		1.00	
Other Expenses	1.00	1.00		1.00	
Public Buildings and Grounds:					
Other Expenses	15,000.00	15,000.00	14,207.72	792.28	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Animal Control:					
Salaries & Wages	9,600.00	9,600.00	7,175.89	2,424.11	
Other Expenses	100.00	100.00		100.00	
Contributions to Social Services Agencies:					
Contribution to Senior Citizens Center	5,000.00	5,000.00	5,000.00		
PARKS AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries & Wages	1.00	1.00		1.00	
Other Expenses	250.00	1,411.00	1,411.00		
Council on Affordable Housing:					
Other Expenses	2,400.00	2,400.00		2,400.00	

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
OTHER COMMON OPERATING FUNCTIONS:					
Celebration of Public Events:					
Other Expenses	\$ 3,000.00	\$ 3,000.00	\$ 786.00	\$ 2,214.00	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	4,000.00	4,000.00	3,563.93	436.07	
Telephone	11,000.00	11,000.00	10,157.58	842.42	
Fuel Oil	10,000.00	10,000.00	9,001.00	999.00	
Gasoline	10,000.00	10,000.00	4,793.51	5,206.49	
RESERVE FOR ACCUMULATED ABSENCE COMPENSATION:					
Salaries & Wages	15,000.00	15,000.00	15,000.00		
Total Operations within "CAPS"	888,930.00	888,930.00	758,842.66	130,087.34	
Total Operations Including Contingent within "CAPS"	888,930.00	888,930.00	758,842.66	130,087.34	
Detail:					
Salaries & Wages	315,578.00	307,926.01	281,819.59	26,106.42	
Other Expenses	573,352.00	581,003.99	477,023.07	103,980.92	

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System	\$ 43,871.00	\$ 43,871.00	\$ 43,871.00		
Social Security (O.A.S.I)	27,500.00	27,500.00	24,722.87	\$ 2,777.13	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	71,371.00	71,371.00	68,593.87	2,777.13	
Total General Appropriations for Municipal Purposes Within "CA	960,301.00	960,301.00	827,436.53	132,864.47	
Operations - Excluded from "CAPS"					
Municipal Court (North Warren):	20,000.00	20,000.00	2,000.00	18,000.00	
Other Expenses					
Total Other Operations - Excluded from "CAPS"	20,000.00	20,000.00	2,000.00	18,000.00	
Public and Private Programs Offset by Revenue:					
Clean Communities Grant (N.J.S.A40A:4-87, + \$10,068.74)	8,977.12	19,045.86	19,045.86		
Municipal Alliance Program:					
State Share	157.93	157.93	157.93		
Stormwater Management Grant (N.J.S.A40A:4-87, + \$25,000.00)		25,000.00	25,000.00		
Total Public and Private Programs Offset by Revenues	9,135.05	44,203.79	44,203.79		
Total Operations - Excluded from "CAPS"	29,135.05	64,203.79	46,203.79	18,000.00	

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Excluded from "CAPS" (continued):					
Detail:					
Other Expenses	\$ 29,135.05	\$ 64,203.79	\$ 46,203.79	\$ 18,000.00	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	185,000.00	185,000.00	185,000.00		
Capital Ordinance 2014-05	64,000.00	64,000.00	64,000.00		
Capital Ordinance 2021-05	80,175.00	80,175.00	80,175.00		
Total Capital Improvements Excluded from "CAPS"	329,175.00	329,175.00	329,175.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	358,310.05	393,378.79	375,378.79	18,000.00	
Total General Appropriations - Excluded from "CAPS"	358,310.05	393,378.79	375,378.79	18,000.00	
Subtotal General Appropriations	1,318,611.05	1,353,679.79	1,202,815.32	150,864.47	
Reserve for Uncollected Taxes	231,078.85	231,078.85	231,078.85		
Total General Appropriations	\$ 1,549,689.90	\$ 1,584,758.64	\$ 1,433,894.17	\$ 150,864.47	\$ -0-

Ref.

A

TOWNSHIP OF HARDWICK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After</u>	<u>Paid or</u>
		<u>Modification</u>	<u>Charged</u>
Adopted Budget		\$ 1,549,689.90	
Added by N.J.S.A. 40A:4-87		35,068.74	
		<u>\$ 1,584,758.64</u>	
Cash Disbursed			\$ 814,436.53
Reserve for Uncollected Taxes			231,078.85
Due to Federal and State Grant Fund			44,203.79
Due Other Trust - Reserve for Accumulated Absences			15,000.00
Due to General Capital Fund:			
Capital Improvement Fund			185,000.00
Capital Ordinance 2014-05			64,000.00
Capital Ordinance 2021-05			80,175.00
			<u>\$ 1,433,894.17</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF HARDWICK
COUNTY OF WARREN
2023
TRUST FUNDS

TOWNSHIP OF HARDWICK
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-1	\$ 27,068.80	\$ 22,673.58
Due from Current Fund	A		11,179.95
		<u>27,068.80</u>	<u>33,853.53</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	255,872.22	254,637.66
Due from Federal and State Grant Fund	A	25,000.00	
Due from General Capital Fund	C	100,000.00	100,000.00
		<u>380,872.22</u>	<u>354,637.66</u>
<u>TOTAL ASSETS</u>		<u>\$ 407,941.02</u>	<u>\$ 388,491.19</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 19,261.00	
Due to State of New Jersey		1,514.80	\$ 901.60
Reserve for Animal Control Fund Expenditures	B-2	6,293.00	32,951.93
		<u>27,068.80</u>	<u>33,853.53</u>
Other Trust Funds:			
Due to Current Fund	A	35,464.04	49,133.33
Reserve for:			
Developer's Escrow		35,161.02	33,644.09
Municipal Open Space Trust Fund		131,133.31	157,071.18
Council on Affordable Housing Trust Fund		7,134.23	2,882.03
Recreational Escrow		3,998.20	4,295.68
Driveway Bonds		31,344.14	33,633.64
Outside Liens		21,488.14	25,185.69
Tax Sale Premiums		16,300.00	
Storm Recovery		58,158.81	23,124.20
Value Assurance Program Property		25,690.33	25,667.82
Accumulated Absences		15,000.00	
		<u>380,872.22</u>	<u>354,637.66</u>
Total Other Trust Funds		<u>380,872.22</u>	<u>354,637.66</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 407,941.02</u>	<u>\$ 388,491.19</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF HARDWICK
COUNTY OF WARREN
2023
GENERAL CAPITAL FUND

TOWNSHIP OF HARDWICK
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
		2023	2022
<u>ASSETS</u>	<u>Ref.</u>		
Cash and Cash Equivalents	C-2	\$ 16,681.65	\$ 16,544.61
Federal and State Grants Receivable	A	62,475.00	122,000.00
Due from Current Fund	A	130,338.55	
Due from Federal and State Grant Fund		145,500.00	145,500.00
Deferred Charges to Future Taxation:			
Unfunded	C-4	477,325.00	540,000.00
<u>TOTAL ASSETS</u>		<u>\$ 832,320.20</u>	<u>\$ 824,044.61</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	551,099.98	421,551.07
Unfunded	C-5	143,099.42	78,922.74
Due to Current Fund	A		140,275.00
Due to Other Trust Fund	B	100,000.00	100,000.00
Capital Improvement Fund	C-6	35,791.00	791.00
Reserve for:			
Capital Projects		529.80	529.80
Payment of Debt Service			80,175.00
Fund Balance	C-1	1,800.00	1,800.00
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 832,320.20</u>	<u>\$ 824,044.61</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF HARDWICK
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 1,800.00
Balance December 31, 2023	C	<u>\$ 1,800.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF HARDWICK
COUNTY OF WARREN
2023
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED FOR 2023)

TOWNSHIP OF HARDWICK
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2023	
	(Unaudited)	2022
<u>ASSETS</u>		
Land	\$ 342,300.00	\$ 342,300.00
Buildings	801,862.89	769,967.00
Machinery and Equipment	1,282,490.80	1,270,464.00
<u>TOTAL ASSETS</u>	<u>\$2,426,653.69</u>	<u>\$2,382,731.00</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	<u>\$2,426,653.69</u>	<u>\$2,382,731.00</u>
<u>TOTAL RESERVES</u>	<u>\$2,426,653.69</u>	<u>\$2,382,731.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of Hardwick Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by Hardwick Township, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of Hardwick Township do not include the operations of the volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of Hardwick Township conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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, Hardwick Township accounts for its financial transactions through the following separate funds:

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

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Other Significant Accounting Policies".

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis, except for certain assistance which is not realized until anticipated in the Township's budget. The amounts recorded as property taxes receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 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.

The cash basis of accounting is followed in the Trust and Capital Funds.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor, a financed purchases payable would be recorded for financed purchases agreements under which the Township acquires and owns a fixed asset and the Township's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

D. Deferred Charges to Future Taxation

The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds or by issuing loans or financed purchases agreements.

E. Other significant accounting policies include:

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.

Management Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments - Investments are stated at cost.

Grants Receivable - Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts - No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences - Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Fixed Assets (Unaudited) - General fixed assets are recorded at historical cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by an "Investment in General Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the General Fixed Asset Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for the Current Operating and Open Space Trust Funds. The budget is submitted to the governing body and the Division of Local Government Services. The budget is prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

	December 31,		
	2023	2022	2021
<u>Issued</u>			
General:			
Bonds and Notes			\$ 180,000.00
Total Issued			180,000.00
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	\$ 477,325.00	\$ 540,000.00	345,440.00
Less:			
Reserve to Pay Debt Service		(80,175.00)	
Net Bonds and Notes Issued and Authorized but Not Issued	\$ 477,325.00	\$ 459,825.00	\$ 525,440.00

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt (Cont'd)

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 .215%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$ 477,325.00</u>	<u>\$ -0-</u>	<u>\$ 477,325.00</u>

Net Debt \$477,325.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 \$222,455,043.00 = .215%.

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

3.5% Average Equalized Valuation of Real Property	\$ 7,785,926.51
Net Debt	<u>477,325.00</u>
Remaining Borrowing Power	<u>\$ 7,308,601.51</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance 12/31/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2023</u>
Total	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ -0-</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance 12/31/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2022</u>
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 180,000.00</u>		<u>\$ 180,000.00</u>	
Total	<u>\$ 180,000.00</u>	<u>\$ - 0 -</u>	<u>\$ 180,000.00</u>	<u>\$ - 0 -</u>

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2023, the Township had no debt issued and outstanding.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2023, which is included as anticipated revenue in the Current Fund budget for the year ending December 31, 2024 is \$250,000.

Note 4: Local and Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. Local District Tax has been raised and liabilities deferred by statutes (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:

	<u>Local School Tax</u>	
	<u>Balance</u> <u>12/31/2022</u>	<u>Balance</u> <u>12/31/2023</u>
Taxes Payable	\$ 545,449.50	\$ 905,366.70
Deferred	<u>480,484.00</u>	<u>480,484.00</u>
Total	<u>\$ 1,025,933.50</u>	<u>\$ 1,385,850.70</u>
	<u>Regional High School Tax</u>	
	<u>Balance</u> <u>12/31/2022</u>	<u>Balance</u> <u>12/31/2023</u>
Taxes Payable	\$ 421,422.54	\$ 334,478.12
Deferred	<u>539,651.39</u>	<u>539,651.39</u>
Total	<u>\$ 961,073.93</u>	<u>\$ 874,129.51</u>

Note 5: Pension Plans

Township employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee's Retirement System (PERS).

A. Public Employees' Retirement System (PERS)

Plan Description

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

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

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. The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning, with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

Township contributions to PERS amounted to \$43,871 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$1,066 to the PERS for normal pension benefits on behalf of the Township.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability was \$506,721 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was 0.0034%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2023.

For the year ended December 31, 2023, the Township recognized actual pension benefit in the amount of \$43,871.

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% 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 a 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 upon 100% 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 in determining the total pension liability.

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 650,988	\$ 506,721	\$ 383,944

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Note 6: Accrued Sick and Vacation Benefits

The Hardwick Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$29,185.00 at December 31, 2023. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accumulated Absences of \$15,000.00 on the Trust Fund balance sheet as of December 31, 2023.

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000.00 at December 31 of the current year. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	<u>\$ 3.507</u>	<u>\$ 3.566</u>	<u>\$ 3.396</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.559	\$ 0.529	\$ 0.516
Municipal Open Space	0.020	0.019	0.020
County	0.897	0.898	0.933
Local School	0.914	0.902	0.902
Regional High School	1.117	1.218	1.025
<u>Assessed Valuations</u>			
2023	<u>\$ 156,493,864.00</u>		
2022		<u>\$ 157,745,592.00</u>	
2021			<u>\$ 156,564,742.00</u>

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>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 5,507,791.52	\$ 5,367,242.33	97.45%
2022	5,628,756.84	5,451,913.75	96.86%
2021	5,467,182.00	5,396,690.00	98.71%

Increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Interest Rate Risk - In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this Note on investment.

Custodial Credit Risk – The Township's Policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits:

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

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

The market value of the collateral must equal 5% of the average daily balance of public funds; and

In addition, 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, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2023, cash and cash equivalents of the Hardwick Township consisted of the following:

<u>Fund</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 3,198,254.34	\$ 3,198,254.34
Animal Control	27,068.80	27,068.80
Other Trust	255,872.22	255,872.22
General Capital	16,681.65	16,681.65
	<u>\$ 3,497,877.01</u>	<u>\$ 3,497,877.01</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2023, was \$3,497,877.01 and the bank balance was \$3,495,725.42.

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through the State of New Jersey Health Benefits plan.

Property and Liability Insurance

The Hardwick Township is a member of the Public Alliance Insurance Coverage Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing insurance for general liability, property and workers' compensation.

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment related to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

As of the date of this report, December 31, 2023 financial information for the Fund was not available. Summarized financial information for the Fund as of December 31, 2022 is as follows:

Total Assets	\$ 103,004,165.00
Net Position	\$ 8,841,030.00
Total Revenue	\$ 78,998,746.00
Total Expenses	\$ 85,315,532.00
Change in Net Position	\$ (6,316,786.00)
Member Dividends	\$ -0-

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Fund Administrator
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All the Township's claims are paid by the State.

Note 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 54,725.04	\$ 327,937.63
Federal and State Grant Fund	327,937.63	170,500.00
Animal Control Trust Fund		19,261.00
Other Trust Funds	125,000.00	35,464.04
General Capital Fund	145,500.00	100,000.00
	<u>\$ 653,162.67</u>	<u>\$ 653,162.67</u>

The interfund receivable in the Federal and State Grant Fund is for grant receipts deposited in the Current Fund and appropriated reserves disbursed from the Current Fund. The interfund receivable in the Other Trust Funds is for activity in the Capital and Federal and State Grant Fund including Municipal Open Space reserve receipts and Storm Recovery grant receipts. The interfund payable in Federal and State Grant Fund is NJDOT grant receipts due to Capital Fund and Storm Recovery grant receipts due to Other Trust Funds. The interfund payable in Animal Control Trust Fund is due to Current Fund for the statutory excess in the Reserve for Animal Control Expenditures Fund at year end. The interfund payable in Other Trust Funds is interest on investments and expenditures made on behalf of Other Trust Funds due to Current Fund. The interfund payable in General Capital Fund is the amount of expenditures made on behalf of the Capital Fund by the Other Trusts Funds at year end.

Note 11: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1998. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2023 and 2022 were \$131,133 and \$157,071, respectively.

Note 12: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

TOWNSHIP OF HARDWICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 12: Contingent Liabilities (Cont'd)

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 13: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 14: Leases

The Township entered into two lease agreements for the lease of the Township's cell towers with different wireless carriers. The term of the first lease is for 15 years which expired April 1, 2018, however, the lessor elected to use the option to extend the lease for one renewal term of five years. The term of the second lease is for 5 years which will expire November 1, 2025, with the option for the lessor to extend the lease for five, five year terms. The initial annual lease payment on the first lease totaled \$19,000 and the annual lease payments for the remaining years in the existing lease terms will be increased by 3% each year. The initial annual lease payment on the second lease totaled \$18,000 and the annual lease payments for the remaining years in the existing lease terms will be increased by 3% each year. The total lease payments in 2023 were \$68,805.97.

TOWNSHIP OF HARDWICK

SUPPLEMENTARY DATA

TOWNSHIP OF HARDWICK
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2023

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Chris Jacksic	Mayor		
Nichole Meuse	Deputy Mayor		
John C. Lovell	Committeeperson		
Kristin Shipps	Township Clerk/Administrator; Registrar of Vital Statistics; Assessment Search Officer	Blanket	
Christine Rolef	Chief Financial Officer	\$ 1,000,000	MEL Joint Insurance Fund
Kerri Womack	Tax Collector	\$ 1,000,000	MEL Joint Insurance Fund
Richard I. Motyka	Tax Assessor	Blanket	
Igor Bykov	Attorney		

Certain employees of the Township of Hardwick were covered by a Public Employees Faithful Performance Blanket Position Bond issued by the Statewide Insurance Fund in the amount of \$1,000,000.00.

All of the bonds issued by Municipal Excess Liability (MEL) Joint Insurance Fund and the Public Alliance Insurance Coverage (PAIC) Fund were examined and appeared to be properly executed.

TOWNSHIP OF HARDWICK
COUNTY OF WARREN
2023
CURRENT FUND

TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF CASH

Balance December 31, 2022	<u>Ref.</u> A	\$ 2,507,509.09
Increased by Receipts:		
Tax Collector Account	\$ 5,491,881.61	
Revenue Accounts Receivable	345,362.48	
Miscellaneous Revenue Not Anticipated	41,589.77	
Due to Federal and State Grant Fund:		
Unappropriated Reserves	778.77	
Federal and State Grants Receivable	35,739.92	
Due State of N.J.:		
Veterans' and Senior Citizens' Deductions	10,246.58	
Marriage License Fees	50.00	
Due General Capital Fund	188,025.00	
Due Payroll Account	43,871.00	
Due Other Trust Fund:		
Developer's Escrow	1,516.93	
COAH	4,177.00	
Other Trust	34.61	
Reserve for Garden State Trust Fund	27,479.00	
Reserve for Sale of Municipal Assets	1,400.00	
Reserve for Municipal Relief Fund	12,616.33	
		<u>6,204,769.00</u>
		8,712,278.09
Decreased by Disbursements:		
2023 Appropriation Expenditures	814,436.53	
2022 Appropriation Reserve Expenditures	46,062.00	
Regional School District Taxes	1,835,321.42	
Local School District Taxes	1,071,036.80	
County Taxes	1,402,659.19	
Tax Overpayments Refunded	2,635.24	
Due Payroll Account	38,070.93	
Due Animal Control Fund	2,158.06	
Due Other Trust Fund:		
Driveway	2,289.50	
Municipal Open Space	57,614.25	
Recreation	300.00	
Outside Liens	3,697.55	
Due General Capital Fund	166,274.41	
Due from Federal and State Grant Fund:		
Appropriated Reserves	53,453.87	
Reserve for PILOT	1,250.00	
Refund of Prior Year Revenue	16,764.00	
		<u>5,514,023.75</u>
Balance December 31, 2023	A	<u>\$ 3,198,254.34</u>

TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2023

Increased by Receipts:

Taxes Receivable	\$5,404,720.42	
2024 Prepaid Taxes	44,290.02	
Interest and Costs on Taxes	23,729.26	
Tax Sale Premium	16,300.00	
Tax Overpayments	<u>2,841.91</u>	
		<u>\$ 5,491,881.61</u>

Decreased by:

Payments to Treasurer		<u><u>\$ 5,491,881.61</u></u>
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TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance Dec. 31 2022</u>	<u>2023 Levy</u>	<u>Collections</u>	<u>State of NJ Veterans' and Senior Citizens' Deductions</u>	<u>Overpayments Applied</u>	<u>Cancelled/ Remitted</u>	<u>Transfer to Tax Title Liens</u>	<u>Balance Dec. 31, 2023</u>
2022	\$ 131,571.57		\$ 112,542.99			\$ 53.38	\$ 18,975.20	
2023		\$ 5,507,791.52	\$ 64,629.10	\$ 10,246.58	\$ 189.22	13,145.72	18,685.29	\$ 108,718.18
	<u>\$ 131,571.57</u>	<u>\$ 5,507,791.52</u>	<u>\$ 64,629.10</u>	<u>\$ 10,246.58</u>	<u>\$ 189.22</u>	<u>\$ 13,199.10</u>	<u>\$ 37,660.49</u>	<u>\$ 108,718.18</u>
<u>Ref.</u>	A							A

Analysis of 2023 Property Tax Levy

General Purpose Tax \$ 5,488,240.34
 Added Taxes (54:4-63.1 et seq.) 19,551.18

\$ 5,507,791.52

Tax Levy:

Local School District Taxes
 Regional High School District
 Municipal Open Space Tax
 Municipal Open Space Tax - Added and Omitted

County Taxes:

County Taxes 1,401,765.46
 Due County for Added and Omitted Taxes 5,024.61

1,406,790.07
4,617,531.48

Local Tax for Municipal Purposes
 Add: Additional Tax Levied

875,023.17
15,236.87

\$ 890,260.04
\$ 5,507,791.52

TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance December 31, 2022	A	\$	41.76
Increased by:			
Current Year Taxes Transferred		\$	18,685.29
Prior Year Taxes Transferred			18,975.20
Interest and Cost on Tax Sale			<u>4,850.24</u>
			<u>42,510.73</u>
Balance December 31, 2023	A	\$	<u><u>42,552.49</u></u>

TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Accrued in 2023	Collected by Treasurer
Energy Receipts Tax	\$ 121,795.12	\$ 121,795.12
Cell Tower Rentals	223,567.36	223,567.36
	<u>\$ 345,362.48</u>	<u>\$ 345,362.48</u>

TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 3,136.99	\$ 3,136.99		\$ 3,136.99
Other Expenses		13,664.13	\$ 13,664.13	
Other Professionals	300.00	300.00		300.00
Human Resources:				
Other Expenses	608.00	608.00		608.00
Mayor and Council:				
Salaries and Wages	3,500.00	3,500.00		3,500.00
Financial Administration:				
Salaries and Wages	1,619.91	1,619.91		1,619.91
Other Expenses	4,099.74	4,099.74	1,740.34	2,359.40
Computerized Data Processing:				
Other Expenses	15,000.00	15,000.00		15,000.00
Collection of Taxes:				
Other Expenses		35.00	35.00	
Assessment of Taxes:				
Salaries and Wages	8,254.00	8,254.00		8,254.00
Other Expenses:	542.68	542.68		542.68
Legal Services and Costs:				
Other Expenses	17,498.31	15,764.19	7,417.00	8,347.19
Engineering Services and Costs:				
Other Expenses	26,089.70	13,089.70	9,322.75	3,766.95
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	116.00	116.00		116.00
Other Expenses	5,116.72	5,116.72	1,949.50	3,167.22
CODE ENFORCEMENT AND ADMINISTRATION:				
Code Enforcement Officer:				
Other Expenses	240.00	240.00		240.00
INSURANCE:				
General Liability	10,126.77	10,126.77		10,126.77
Employee Group Insurance	4,267.54	4,267.54		4,267.54
Other Insurance Premiums	500.00	500.00		500.00
Unemployment Compensation	1,500.00	1,500.00		1,500.00
PUBLIC SAFETY FUNCTIONS:				
Emergency Management Services:				
Salaries and Wages	40.00	40.00		40.00
Other Expenses	5,000.00	5,000.00		5,000.00
PUBLIC WORKS FUNCTIONS:				
Street and Road Maintenance:				
Salaries and Wages	20,825.48	20,825.48		20,825.48
Other Expenses	46,435.76	46,435.76	25,905.19	20,530.57

TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC WORKS FUNCTIONS: (continued)				
Solid Waste Collection:				
Salaries & Wages	\$ 1.00	\$ 1.00		\$ 1.00
Other Expenses	250.00	250.00		250.00
Public Buildings and Grounds:				
Salaries and Wages	3,125.01	3,125.01	\$ 1,398.32	1,726.69
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control:				
Salaries and Wages	1,020.00	1,020.00		1,020.00
Other Expenses	1,042.00	1,042.00		1,042.00
PARKS AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries & Wages	3,050.00	3,050.00		3,050.00
Other Expenses	3,000.00	3,000.00		3,000.00
Council on Affordable Housing:				
Other Expenses	2,100.00	2,100.00		2,100.00
OTHER COMMON OPERATING FUNCTIONS:				
Celebration of Public Events:				
Other Expenses		1,000.00	1,000.00	
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	1,402.50	1,402.50	370.21	1,032.29
Telephone	4,001.08	4,001.08	955.46	3,045.62
Fuel Oil	3,291.09	3,291.09		3,291.09
Gasoline	365.93	400.92	400.92	
STATUTORY EXPENDITURES:				
Contribution to:				
Social Security System (O.A.S.I.)	4,828.80	4,828.80		4,828.80
Municipal Court (North Warren):				
Other Expenses	20,000.00	20,000.00	2,850.43	17,149.57
	<u>\$ 222,295.01</u>	<u>\$ 222,295.01</u>	<u>\$ 67,009.25</u>	<u>\$ 155,285.76</u>

Analysis of Balance December 31, 2022:

	<u>Ref.</u>	
Unencumbered	A	\$ 160,498.64
Encumbered	A	<u>61,796.37</u>
		<u>\$ 222,295.01</u>

Cash Disbursed	\$ 46,062.00
Due Other Trust Fund - Reserve for Storm Recovery	10,000.00
Accounts Payable	<u>10,947.25</u>
	<u>\$ 67,009.25</u>

TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2022:		
Local School Tax Payable	A	\$ 545,449.50
Local School Tax Deferred		480,484.00
		<u>1,025,933.50</u>
Increased by:		
Levy - School Year July 1, 2023 through June 30, 2024		1,430,954.00
		<u>2,456,887.50</u>
Decreased by:		
Payments to Local School District		1,071,036.80
		<u>1,071,036.80</u>
Balance December 31, 2023:		<u><u>\$ 1,385,850.70</u></u>
Balance December 31, 2023:		
Local School Tax Payable	A	\$ 905,366.70
Local School Tax Deferred		480,484.00
		<u>1,385,850.70</u>
		<u><u>\$ 1,385,850.70</u></u>

TOWNSHIP OF HARDWICK
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2022:		
Local School Tax Payable	A \$	421,422.54
Local School Tax Deferred		539,651.39
		<u>961,073.93</u>
Increased by:		
Levy - School Year July 1, 2023 through June 30, 2024		1,748,377.00
		<u>2,709,450.93</u>
Decreased by:		
Payments to Local School District		1,835,321.42
		<u>1,835,321.42</u>
Balance December 31, 2023:		<u>\$ 874,129.51</u>
Balance December 31, 2023:		
Local School Tax Payable	A \$	334,478.12
Local School Tax Deferred		539,651.39
		<u>874,129.51</u>
		<u>\$ 874,129.51</u>

TOWNSHIP OF HARDWICK
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Balance Dec. 31, 2022	2023 Budget Revenue Realized	Cash Receipts	Transferred From Unappropriated Reserves	Balance Dec. 31, 2023
Municipal Alliance on Alcohol and Drug Abuse		\$ 157.93		\$ 157.93	
Clean Communities Grant		19,045.86	\$ 10,068.74	8,977.12	
Stormwater Management Grant	\$ 5,000.00	25,000.00	25,000.00		\$ 5,000.00
Recycling Tonnage Grant	15,913.63		671.18		15,242.45
	<u>\$ 20,913.63</u>	<u>\$ 44,203.79</u>	<u>\$ 35,739.92</u>	<u>\$ 9,135.05</u>	<u>\$ 20,242.45</u>

Ref.

A

A

TOWNSHIP OF HARDWICK
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2022	Transferred from 2023 Budget	Cash Disbursed	Balance Dec. 31, 2023
Recycling Tonnage Grant	\$ 28,480.27		\$ 2,238.94	\$ 26,241.33
Municipal Alliance on Alcohol and Drug Abuse		\$ 157.93		157.93
Clean Communities Grant	10,483.57	19,045.86	6,409.29	23,120.14
Stormwater Management Grant		25,000.00	25,000.00	
PSE&G Settlement	22,686.12			22,686.12
PILOT - Warren County	706.04			706.04
American Rescue Plan	64,066.19		44,805.64	19,260.55
	<u>\$ 126,422.19</u>	<u>\$ 44,203.79</u>	<u>\$ 78,453.87</u>	<u>\$ 92,172.11</u>

Ref.

A

A

Due Current Fund	\$ 53,453.87
Due Other Trust Funds	25,000.00
	<u>\$ 78,453.87</u>

TOWNSHIP OF HARDWICK
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Cash</u> <u>Receipts</u>	<u>Transfer to</u> <u>2023 Budget</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Municipal Alliance on Alcohol and Drug Abuse	\$ 157.93		\$ 157.93	
Alcohol Education Rehabilitation		\$ 778.77		\$ 778.77
Clean Communities	8,977.12		8,977.12	
American Rescue Plan	<u>84,729.20</u>			<u>84,729.20</u>
	<u>\$ 93,864.25</u>	<u>\$ 778.77</u>	<u>\$ 9,135.05</u>	<u>\$ 85,507.97</u>
<u>Ref.</u>	A			A

TOWNSHIP OF HARDWICK
COUNTY OF WARREN
2023
TRUST FUNDS

TOWNSHIP OF HARDWICK
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2022	B	\$ 22,673.58	\$ 254,637.66
Increased by Receipts:			
Municipal Licensing Fees		\$ 3,499.80	
State Registration Fee		613.20	
Interest		282.22	
Recreation			2.52
COAH			75.20
Developers Escrow			18.53
Value Assurance Program Property			22.51
Storm Recovery			34.61
Open Space			265.97
Driveway			815.22
		<u>4,395.22</u>	<u>1,234.56</u>
Balance December 31, 2023	B	<u>\$ 27,068.80</u>	<u>\$ 255,872.22</u>

TOWNSHIP OF HARDWICK
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 32,951.93
Increased by:		
2023 Dog License Fees Collected	\$ 3,499.80	
Interest	<u>282.22</u>	
		<u>3,782.02</u>
		36,733.95
Decreased by:		
Statutory Excess due to Current Fund	28,282.89	
Due to Current Fund:		
Expenditures made on behalf	<u>2,158.06</u>	
		<u>30,440.95</u>
Balance December 31, 2023	B	<u><u>\$ 6,293.00</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2022	\$ 3,077.00
2021	<u>3,216.00</u>
Maximum Allowable Reserve	<u><u>\$ 6,293.00</u></u>

TOWNSHIP OF HARDWICK
COUNTY OF WARREN
2023
GENERAL CAPITAL FUND

TOWNSHIP OF HARDWICK
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 16,544.61
Increased by Receipts:		
Due Current Fund:		
Interest Earned		<u>137.04</u>
Balance December 31, 2023	C	<u>\$ 16,681.65</u>

TOWNSHIP OF HARDWICK
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2022	Receipts		Transfers		Balance/ (Deficit) Dec. 31, 2023
		Miscellaneous		From	To	
Fund Balance	\$ 1,800.00					\$ 1,800.00
Capital Improvement Fund	791.00			\$ 150,000.00	\$ 185,000.00	35,791.00
Due Current Fund	140,275.00	\$ 137.04		517,200.00	246,449.41	(130,338.55)
Due Other Trust Fund	100,000.00					100,000.00
Due Federal and State Grant Fund	(145,500.00)					(145,500.00)
Grant Receivable - New Jersey Department of Transportation	(122,000.00)			128,500.00	188,025.00	(62,475.00)
Reserve for:						
Payment of Debt Service	80,175.00					
Capital Projects	529.80			80,175.00		529.80
Ordinance						
Date	Improvement Description					
14-05	Salt Shed and Various Road Resurfacing					(56,000.00)
16-05	Improvements to Various Roads					40,959.00
18-09	Improvements to Various Roads					1,324.83
21-07	Improvements to Various Roads					16,257.00
21-08	Fuel Depot, Municipal Server Upgrade, Paulinskill					9,170.50
21-05	Millbrook-Stillwater Road PH II, DPW Dump Truck					(341,077.26)
22-07	Improvements to Various Roads					150,000.00
22-08	Additional Fuel Depot Funding					3,528.43
22-09	Improvements to Municipal Building					82,000.00
22-10	Resurfacing of Primrose Phase I					118,311.31
23-09	Resurfacing of Primrose Phase II					
23-10	Improvements to Various Roads					
				2,633.00		895.43
				135,634.63		82,000.00
				9,076.40	128,500.00	(17,323.32)
				18,930.38	150,000.00	119,423.60
						131,069.62
	\$ 16,544.61	\$ 137.04		\$ 1,042,149.41	\$ 1,042,149.41	\$ 16,681.65

TOWNSHIP OF HARDWICK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Number	Ordinance Date	Amount	Balance December 31, 2022		2023 Authorizations			Paid or Charged	Balance December 31, 2023	
				Funded	Unfunded	NJ Department of Transportation Grant	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded		Funded	Unfunded
Improvements to Various Roads	16-05	05/04/16	\$ 100,000.00	\$ 40,959.00						\$ 40,959.00	
Improvements to Various Roads	18-09	09/05/18	50,000.00	1,324.83						1,324.83	
Improvements to Various Roads	21-07	07/07/21	360,000.00	16,257.00						16,257.00	
Fuel Depot, Municipal Server Upgrade, Paulinskill	21-08	10/06/21	150,000.00	9,170.50						9,170.50	
Millbrook-Stillwater Road Phase II, DPW Dump Truck	21-05	10/20/21	360,000.00		\$ 922.74						\$ 922.74
Improvements to Various Roads	22-07	07/06/22	150,000.00	150,000.00						150,000.00	
Additional Fuel Depot Funding	22-08	07/06/22	15,000.00	3,528.43					\$ 2,633.00	895.43	
Improvements to Municipal Building	22-09	11/02/22	82,000.00	82,000.00						82,000.00	
Resurfacing of Primrose Road Sec I	22-10	12/07/22	200,000.00	118,311.31	78,000.00				135,634.63	60,676.68	
Resurfacing of Primrose Phase II	23-09	07/19/23	210,000.00			\$ 128,500.00	\$ 150,000.00	\$ 81,500.00	9,076.40	119,423.60	81,500.00
Improvements to Various Roads	23-10	07/19/23	150,000.00						18,930.38	131,069.62	
				\$ 421,551.07	\$ 78,922.74	\$ 128,500.00	\$ 150,000.00	\$ 81,500.00	\$ 166,274.41	\$ 551,099.98	\$ 143,099.42
			Ref.	C	C					C	C

TOWNSHIP OF HARDWICK
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 791.00
Increased By:		
Budget Appropriation		185,000.00
		<u>185,791.00</u>
Decreased By:		
Appropriation to Finance Improvement Authorizations		150,000.00
		<u>150,000.00</u>
Balance December 31, 2023	C	<u>\$ 35,791.00</u>

TOWNSHIP OF HARDWICK
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF HARDWICK
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

Ordinance Number	Date	Improvement Description	Balance December 31, 2022	2023 Authorizations	Paid by Budget Appropriation	Balance December 31, 2023
21-08	10/06/21	Salt Shed and Various Road Resurfacing	\$ 120,000.00		\$ 64,000.00	\$ 56,000.00
21-05	10/20/21	Millbrook-Stillwater Road PH II, DPW Dump Truck	342,000.00		80,175.00	261,825.00
22-10	12/07/22	Resurfacing of Primrose Road Sec I	78,000.00			78,000.00
23-09	07/19/23	Resurfacing of Primrose Phase II		\$ 81,500.00		81,500.00
			<u>\$ 540,000.00</u>	<u>\$ 81,500.00</u>	<u>\$ 144,175.00</u>	<u>\$ 477,325.00</u>

TOWNSHIP OF HARDWICK

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023

TOWNSHIP OF HARDWICK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Name of State Agency or Department	Name of Program	Pass-Through Entity ID#	Assistance Listing #	Grant Period		Grant Award Amount	Program Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To				
U.S. Department of Treasury (Pass Through New Jersey Department of Community Affairs)	American Rescue Plan - COVID-19	100-022-8030 -687-046010	21.027	3/3/2021	12/31/2024	\$ 169,458.00	\$ 44,805.64	\$ 150,197.45	\$ -0-
							44,805.64	150,197.45	
Total U.S. Department of Treasury							\$ 44,805.64	\$ 150,197.45	\$ -0-

Total Federal Awards

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF HARDWICK
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

Name of State Agency or Department	Name of Program	Program Account No.	Grant Period		Grant Award Amount	Receipts	Expenditures	Total Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities Grant	765-042-4900- 004-178910	1/1/2020 1/1/2023	12/31/2024 12/31/2024	\$ 27,125.12 10,068.74	\$ 10,068.74	\$ 6,409.29	\$ 14,073.72
	Recycling Tonnage Grant	100-042-4910- 224-238490	1/1/2018 1/1/2023	12/31/2024 12/31/2024	39,511.00 671.18	671.18	2,238.94	13,940.85
	Stormwater Management	100-042-4850- 099-290400	1/1/2023	12/31/2023	25,000.00	25,000.00	25,000.00	25,000.00
Total Department of Environmental Protection						35,739.92	33,648.23	53,014.57
Department of Transportation	Municipal Aid Program:							
	Resurfacing of Primrose Road Phase 2	480-078-6320- APF-606282	1/1/2023	12/31/2024	128,500.00	96,375.00	9,076.40	9,076.40
	Resurfacing of Primrose Road Phase 1	480-078-6320- AO1-606282	1/1/2020	12/31/2023	122,000.00	91,650.00	118,311.31	122,000.00
Total Department of Transportation						188,025.00	127,387.71	131,076.40
Total State Awards						\$ 224,543.69	\$ 161,035.94	\$ 184,090.97

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF HARDWICK
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

Note 1. GENERAL

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hardwick Township under programs of the federal and state governments for the year ended December 31, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2. BASIS OF PRESENTATION

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

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
Hardwick Township
Hardwick, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements - *regulatory basis* - of the various funds of Hardwick Township, in the County of Warren (the "Township") as of and for the year ended December 31, 2023, and the related notes to the financial statements and have issued our report thereon dated April 12, 2024. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group as of December 31, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Township'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2023-001 through 2023-003, that we considered to be significant deficiencies.

The Honorable Mayor and Members
of the Township Council
Township of Hardwick
Hardwick, New Jersey

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Township's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

April 12, 2024
Mount Arlington, New Jersey

NISIVOCCIA LLP

Andrew Kucinski
Certified Public Accountant
Registered Municipal Accountant No. 583

TOWNSHIP OF HARDWICK
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expressed an qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed asset group was not audited.
- Significant deficiencies were disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2023 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit disclosed the following findings required to be reported under Generally Accepted Government Auditing Standards:

Finding 2023-001 Segregation of Duties:

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; recording of collections; and processing of payroll. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds and the review of the quarterly payroll reports are performed by the Chief Financial Officer.

Cause

This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

TOWNSHIP OF HARDWICK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Government Auditing Standards Generally Accepted in the United States of America: (Cont'd)

Finding 2023-001 Segregation of Duties: (Cont'd)

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that an adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Finding 2023-002 Monthly Dog License Reports:

Criteria

Monthly Dog License Reports (form VPH-10) are to be filed to report dog licenses and registration tags issued by municipalities to the New Jersey Department of Health (NJDOH) and for transmitting to the NJDOH, fees collected for the Rabies Trust Fund, the Pilot Spay/Neutering Clinic Fund (PCF), and the Animal Population Control Fund (APCF), as required by New Jersey Statutes Annotated 4:19-15.5.

Condition

Monthly Dog License Reports were not filled during all of 2023.

Cause

Internal controls not in place to ensure monthly dog reports are prepared and filed in a timely manner.

Effect or Potential Effect

The State of New Jersey's portion of dog license fees collected are not transmitted to the NJDOH in a timely manner.

Recommendation

It is recommended that Monthly Dog License Reports be completed on a timely basis.

Management's Response

The Township plans will ensure Monthly Dog Reports are filed in a timely manner and reconcile fees monthly.

TOWNSHIP OF HARDWICK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Government Auditing Standards Generally Accepted in the United States of America: (Cont'd)

Finding 2023-003 Capital Asset Reporting

Criteria

A fixed assets accounting and reporting system is required to be in place with the New Jersey Administrative Code Accounting Requirements.

Condition

The District does not have a complete capital assets accounting and reporting system in place.

Cause

This is due, in part, to the limited number of personnel and size of the Township.

Effect of Potential Effect

The Township is not in compliance with the New jersey Administrative Code Accounting Requirements. At the present time, capital assets may be discarded without management's authorization, or items may be stolen and not be detected within a timely period. A fixed asset accounting and reporting system could possibly be used to aid in the planning of replacement assets.

Recommendation

A fixed assets accounting and reporting system be fully implemented.

Management's Response

Finding 2023-003 was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

TOWNSHIP OF HARDWICK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Township's prior year finding 2022-001 regarding monthly dog license reports was not resolved due to a change in personnel and lack of internal controls and is included in the Schedule of Findings and Responses as finding 2023-002.

TOWNSHIP OF HARDWICK

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

TOWNSHIP OF HARDWICK
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or 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. of section 9 of P.L. 1071, c.198 (C.40A:11-9), the governing body of the contracting unit 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 subparagraph (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. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, 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 section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

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

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

TOWNSHIP OF HARDWICK
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

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

Collection of Interest on Delinquent Taxes and Assessments

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

On January 4, 2023, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, R.S. 54:4-67 implies that affirmative action on the part of the Governing Body is required in fixing the rate of interest on delinquent taxes.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Committee of the Hardwick Township hereby does establish an interest rate of 8% per annum to \$1,500.00 and 18% per annum for amounts in excess of \$1,500.00.

BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installments are made within 10 days after the date upon which the same become payable.

BE IT FURTHER RESOLVED that in accordance with the provisions of N.J.S.A. 54:4-67 that all sums in excess of \$10,000.00 be charged the 6% penalty if not paid by December 31, 2023."

It was determined from a test of the Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 10, 2023, and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2023	2
2022	1
2021	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

TOWNSHIP OF HARDWICK
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

<u>Type</u>	<u>Number Mailed</u>
Payments of 2023 and 2024 Taxes	30
Delinquent Taxes	25
Tax Title Liens	2

Verification notices were mailed to confirm balances as of December 31, 2023. The items that were returned were checked and in agreement with the Town's records. For receivable items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. General ledger accounting system.
3. Fixed asset accounting and reporting system.

The Township is not compliance with #3.

Treasurer's Records:

Confirming Orders

During our review of purchase orders, instances were noted where purchases were made prior to the preparation and approval of purchase orders and purchase orders did not contain a receipt of goods signature. It is recommended that purchase orders be created and approved prior to purchases being made.

Management's Response

The Township will ensure that purchase orders are created and approved prior to purchases being made.

Compensated Absences

During our review of the accounting records, it was noted that management did not maintain a record of the accrued compensated absences of employees. It is recommended that management maintain their own record of accrued compensated absences.

Management's Response

The Township will ensure that a record of accrued compensated absences is maintained going forward.

Bonds Authorized but Not Issued

During the audit, we noted that there were bonds authorized but not issued dating back to 2014. By not issuing this debt it has created a negative cash position on the ordinance in which the debt was intended to be issued for. It is recommended that the Township begins to raise funds that are authorized but not issued in future budgets.

TOWNSHIP OF HARDWICK
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 101, *Compensated Absences*, is effective for the year ended December 31, 2024. The state requires that the liability for compensated absences to be calculated for 1 – leave that has not been used and 2 – leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if (a) – the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than no to be settled through conversion to be defined benefit postemployment benefits should not be included in the liability for compensated absences. The Statement directs that for leave that has not been used the calculations should generally use an employee's pay rate as of the date of the financial statements.

COVID-19 Federal Funding

It is possible that the Township will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Township ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Township ensures that these funds are separately accounted for in the Township's accounting records and that any applicable Township policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

The American Rescue Plan funding must be obligated by December 31, 2024 and the liquidation of the obligation must be completed by December 31, 2026.

Outstanding Interfund Balances

During our review of the accounting records, it was noted that not all activity was recorded in the proper fund resulting in large interfund balances at year-end. It is suggested that all activity is recorded in the proper fund, management closely monitors interfund balances, and effort be made to limit the amount of interfund balances at year end.

Status of Prior Year Recommendations

The recommendation regarding monthly dog license reports was not resolved and is included as a current year recommendation. A corrective action plan is in the process of being implemented with respect to the recommendation.

TOWNSHIP OF HARDWICK
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. Monthly Dog License Reports be completed on a timely basis.
3. A fixed asset accounting and recording system be fully implemented.
4. Purchase orders be created and approved prior to purchases being made.
5. Management maintains their own record of accrued compensated absences.

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