

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

**REPORT OF AUDIT
DECEMBER 31, 2022**

TOWNSHIP OF HOPE

TABLE OF CONTENTS

PART I - REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

<u>AUDITORS' REPORTS</u>		<u>PAGE</u>
Independent Auditor's Report		7-9
<u>FINANCIAL STATEMENTS</u>	<u>EXHIBIT</u>	
<u>CURRENT FUND</u>		
Comparative Balance Sheet	A	12-13
Comparative Statement of Operations and Change in Fund Balance	A-1	14
Statement of Revenues	A-2	15-18
Statement of Expenditures	A-3	19-24
<u>TRUST FUND</u>		
Comparative Balance Sheet	B	25
<u>GENERAL CAPITAL FUND</u>		
Comparative Balance Sheet	C	26
Schedule of General Capital Fund Balance	C-1	27
<u>PUBLIC ASSISTANCE FUND</u>		
Comparative Balance Sheet	E	N/A
<u>GENERAL FIXED ASSETS ACCOUNT GROUP</u>		
Statement of General Fixed Assets	F	28
<u>PAYROLL AGENCY FUND</u>		
Comparative Balance Sheet	G	29
<u>NOTES TO FINANCIAL STATEMENTS</u>		31-46

PART II SUPPLEMENTARY INFORMATION

<u>CURRENT FUND</u>		
Schedule of Cash – Treasurer	A-4	49
Schedule of Cash - Collector	A-5	50
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	51
Schedule of Tax Title Liens	A-7	52
Schedule of Property Acquired for Taxes (At Assessed Valuation)	A-8	53
Schedule of Revenue Accounts Receivable	A-9	54
Schedule of Amount Due Other Governments-Joint Court	A-10	55

TOWNSHIP OF HOPE

TABLE OF CONTENTS

PART II SUPPLEMENTARY INFORMATION (Continued)

<u>CURRENT FUND (Continued)</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Appropriation Reserves - 2021	A-11	56
Schedule of Reserve for Encumbrances	A-12	57
Schedule of Taxes Collected in Advance	A-13	58
Schedule of Tax Overpayments	A-14	59
Schedule of County Taxes Payable	A-15	60
Schedule of Local District School Tax Payable	A-16	61
Schedule of Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-17	62
Schedule of Federal/State Grants Receivable	A-18	63
Schedule of Federal/State Grants Appropriated	A-19	64
Schedule of State Grants-Unappropriated	A-20	65
Schedule of Accounts Payable	A-21	66
Schedule of Municipal Open Space Tax Payable	A-22	67
Schedule of FEMA Expenditures Reserve	A-23	68
Schedule of Insurance Proceeds - Salt Shed	A-24	69
Schedule of Other Reserves	A-25	70
 <u>TRUST FUND</u>		
Schedule of Cash - Treasurer	B-2	72
Schedule of Reserve for Dog Fund Expenditures	B-3	73
Schedule of Amount Due to State of New Jersey Department of Health	B-4	74
Schedule of Amount Due Current Fund - Dog License Fund	B-5	75
Schedule of Amount Due Current Fund - Other Trust Funds	B-6	76
Schedule of Reserve for Escrow Trust Fund Deposits	B-7	77
Schedule of Reserve for Public Defenders' Trust Fund Deposits	B-8	78
Schedule of Reserve for Recreation Trust Fund	B-9	79
Schedule of Reserve for Driveway Bonds	B-10	80
Schedule of Reserve for Municipal Open Space	B-11	81
Schedule of Reserve for Celebration of Public Events	B-12	82
Schedule of Reserve for St John's Trust	B-13	83
Schedule of Reserve for Tax Sale Premiums	B-14	84

TOWNSHIP OF HOPE

TABLE OF CONTENTS

PART II SUPPLEMENTARY INFORMATION (Continued)

GENERAL CAPITAL FUND

Schedule of Cash - Treasurer	C-2	86
Schedule of Amount Due Current Fund	C-3	87
Schedule of Capital Improvement Fund	C-4	88
Schedule of Improvement Authorizations	C-5	89
Schedule of Amounts Due Grants Fund	C-6	90

PUBLIC ASSISTANCE FUND

Schedule of Cash - Treasurer	E-1	N/A
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GENERAL FIXED ASSETS ACCOUNT GROUP

Schedule of Additions and Deletions	F-1	92
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PART III – SUPPLEMENTARY INFORMATION

General Comments		94-101
Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		102-103
Schedule of Expenditures of Federal Awards K-3		105
Schedule of State Financial Assistance K-4		106
Notes to Federal/State Awards		107
Status of Prior Audit Findings		108-109
Schedule of Findings and Responses		110-111

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2022

AUDITORS' REPORTS



ARDITO & COMPANY LLC

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Hope
P.O. Box 284
County of Warren, New Jersey
Hope, New Jersey 07844

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Hope, County of Warren, as of December 31, 2022 and 2021, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2022 and 2021, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2022 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2022 and 2021, or changes in financial positions for the years then ended.

-Continued-

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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

As described in Note 1 to the financial statements, the Township prepares its financial statements on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, audit requirements prescribed by the Division of Local Government Services, and ***Government Auditing Standards*** 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 generally accepted auditing standards, audit requirements prescribed by the Division of Local Government Services, and ***Government Auditing Standards***, we:

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

-Continued-

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated April 15, 2023, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Township's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

April 15, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & COMPANY LLC

Frenchtown, New Jersey

April 15, 2023

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/22</u>	<u>BALANCE</u> <u>12/31/21</u>
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 1,718,930	\$ 1,676,750
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	41,378	31,344
Tax Title Liens Receivable	A-7	105,755	104,510
Property Acquired For Taxes-Assessed Valuation	A-8	858,700	858,700
Revenue Accounts Receivable	A-9	5,682	3,642
Due Other Governmental Units - Joint Court	A-10	96,629	17,340
Other Accounts Receivable	A	21,900	21,200
Amount Due From General Capital Fund	C	492	-
Amount Due From Other Trust Fund	B	26,135	26,856
Amount Due From Dog License Fund	B	42	2
Subtotal		<u>1,156,713</u>	<u>1,063,594</u>
Total Current Fund Assets		<u>2,875,643</u>	<u>2,740,344</u>
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-18	455,073	175,073
Amount Due From Current Fund	A	3,907	221,009
Amount Due From General Capital Fund	C	28,346	28,346
Subtotal		<u>487,326</u>	<u>424,428</u>
TOTAL ASSETS		<u>\$ 3,362,969</u>	<u>\$ 3,164,772</u>

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

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/22</u>	<u>BALANCE</u> <u>12/31/21</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:11	\$ 44,717	\$ 125,283
Reserve For Encumbrances-Budget Appropriations	A-12	51	57,365
Amount Due To State and Federal Grants Fund	A	3,907	221,009
Amount Due To Other Trust Fund	B	3,450	2,650
Amount Due To General Capital Fund	C	-	1,083
Taxes Collected In Advance	A-13	154,434	148,698
Tax Overpayments	A-14	1,461	512
Amount Due County For Added Taxes	A-15	5,746	2,663
Amount Due For Local School Taxes	A-16	547,868	144,238
Amount Due To State Of New Jersey For Senior Citizens and Veterans Deductions	A-17	5,958	5,958
Accounts Payable	A-21	650	700
Amount Due To Other Trust Fund - Municipal Open Space	A-22	177,912	179,818
Fema Reserve	A-23	7,368	7,368
Insurance Proceeds Reserve	A-24	46,053	46,053
Other Reserves	A-25	2,741	1,241
Subtotal		1,002,316	944,639
Reserve For Receivables And Other Assets	A	1,156,713	1,063,594
Fund Balance	A-1	716,614	732,111
Total Current Liabilities, Reserves and Fund Balance		2,875,643	2,740,344
Federal And State Grant Fund:			
Reserve For Federal/State Grants - Appropriated	A-19	476,311	317,689
Reserve For Federal/State Grants - Unappropriated	A-20	11,015	106,739
Subtotal		487,326	424,428
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 3,362,969	\$ 3,164,772

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

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	YEAR <u>2022</u>	YEAR <u>2021</u>
Fund Balance Utilized	A-2	\$ 246,162	\$ 246,162
Miscellaneous Revenue Anticipated	A-2	830,634	582,511
Receipts From Delinquent Taxes	A-2	30,356	53,015
Receipts From Current Taxes	A-2	6,683,152	6,487,230
Non-Budget Revenues	A-2	37,963	54,364
Other Credits To Income:			
Interfund Returns	A-4	720	10,524
Unexpended Balance of Appropriation Reserves	A-11	<u>60,418</u>	<u>48,675</u>
TOTAL INCOME		<u>7,889,405</u>	<u>7,482,481</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	541,302	519,521
Other Expenses	A-3	749,650	579,766
Capital Improvements	A-3	385,000	369,200
Municipal Debt Service	A-3	-	-
Deferred Charges and Statutory Expenditures	A-3	97,998	97,466
County Taxes	A-15	1,726,416	1,689,147
Amount Due County For Added and Omitted Taxes	A-15	5,746	2,663
Local District School Taxes	A-16	4,123,068	4,002,979
Municipal Open Space Taxes	A-22	27,568	27,531
Interfund Advances>Returns	A-4	<u>1,992</u>	<u>7,652</u>
TOTAL EXPENDITURES		<u>7,658,740</u>	<u>7,295,925</u>
Excess in Revenue		230,665	186,556
Statutory Excess To Fund Balance		230,665	186,556
Fund Balance January 1	A	<u>732,111</u>	<u>791,717</u>
Decreased by:		962,776	978,273
Utilization as Anticipated Revenue	A-1	<u>246,162</u>	<u>246,162</u>
Fund Balance December 31	A	<u>\$ 716,614</u>	<u>\$ 732,111</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

		<u>ANTICIPATED</u>			<u>EXCESS OR</u>
	<u>REF.</u>	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>DEFICIT</u>
Anticipated Surplus-Cash Surplus	A-1	\$ 246,162		\$ 246,162	
Miscellaneous Revenues					
LOCAL REVENUES:					
Liquor Licenses-Clerk	A-9	4,100		5,188	\$ 1,088
Municipal Court Fines and Costs	A-9	102,264		87,085	(15,179)
Interest and Costs On Taxes	A-6	11,700		13,401	1,701
Interest on Investments and Deposits	A-9	1,400		17,831	16,431
TOTAL LOCAL REVENUES		119,464		123,505	4,041
STATE AID REVENUES:					
Energy Receipts Tax	A-9	184,384		184,384	-
Garden State Trust Fund	A-9	11,436		7,426	(4,010)
Municipal Relief Fund Aid	A-9	-		9,618	9,618
TOTAL STATE AID REVENUES		195,820		201,428	5,608

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

	<u>REF.</u>	<u>ANTICIPATED</u>		<u>REALIZED</u>	<u>EXCESS OR</u> <u>DEFICIT</u>
		<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>		
FEDERAL AND STATE GRANT REVENUES:					
Clean Communities	A-18:20	7,282		7,282	
American Rescue Plan (ARP)	A-18:20	97,185	\$ 97,185	194,370	
Drunk Driving Enforcement	A-18:20	2,272		2,272	
NJDOT Grant - Hissim Road Sec. 1	A-18:20	141,000		141,000	
NJDOT Grant - Hissim Road Sec. 2	A-18:20	139,000		139,000	
TOTAL FEDERAL AND STATE GRANT REVENUES		386,739	97,185	483,924	
Other Special Items:					
Cell Tower Leases	A-9	10,500		21,777	11,277
Total Other Special Items		10,500		21,777	11,277
TOTAL MISCELLANEOUS REVENUES	A-2	712,523	97,185	830,634	20,926
RECEIPTS FROM DELINQUENT TAXES	A-2	25,000		30,356	5,356
Amount To be Raised by Taxes For Support Of Municipal Budget:					
Local Tax For Municipal Purposes	A-2	837,167		944,441	107,274
Total General Revenues		1,820,852	97,185	2,051,593	133,556
Non-Budget Revenues:					
Other Non-Budget Revenues	A-1			37,963	37,963
		\$ 1,820,852	\$ 97,185	\$ 2,089,556	\$ 171,519

A-3

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 3

REF.

ANALYSIS OF REALIZED REVENUES

Allocation Of Current Tax Collections:

Revenue from Collections		\$ 6,669,652
State of New Jersey, Senior Citizens and Veterans Deductions		<u>13,500</u>
	A-1	6,683,152

Allocated To:

School, County Taxes and Municipal Open Space Taxes		<u>5,882,798</u>
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Excess Supported by Municipal Revenues		800,354
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Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>144,087</u>
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Amount For Support Of Municipal Budget Appropriations	A-2	<u><u>\$ 944,441</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 4

ANALYSIS OF NON-BUDGET REVENUES

REF.

Miscellaneous Revenue Not Anticipated:

Treasurer:

Zoning Permits	\$	1,460
Abandoned Property Fees		5,500
Planning Board		500
Property Lists		80
Vital Statistics		6
Board of Adjustment		250
Cable TV Franchise		1,767
Hotel Tax		2,603
Licenses		850
Sale of Municipal Assets		16,300
FEMA Reimbursement		4,340
Copies Sales		561
Miscellaneous		2,092
Vet/Senior Administration Fee		270
Miscellaneous-Collector		1,384
	A-4	\$ 37,963

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>
GENERAL GOVERNMENT FUNCTIONS:				
General Administration:				
Salaries and Wages	\$ 97,528	\$ 97,178	\$ 95,474	\$ 1,704
Other Expenses	28,800	32,800	32,430	370
Mayor and Council:				
Salaries and Wages	8,613	8,913	8,874	39
Other Expenses	1,000	1,000	295	705
Municipal Clerk (Elections):				
Salaries and Wages:				
Other Expenses	600	600	-	600
Financial Administration (Treasury):				
Salaries and Wages	19,825	19,825	19,825	-
Other Expenses	1,000	1,000	805	195
Audit Services:				
Other Expenses	21,246	21,246	21,246	-
Computerized Data Processing:				
Other Expenses	6,597	6,597	6,458	139
Revenue Administration (Tax Collection):				
Salaries and Wages:	32,714	32,714	32,712	2
Other Expenses	1,500	3,500	2,842	658
Tax Assessment Administration:				
Salaries and Wages	19,946	19,946	19,944	2
Other Expenses	3,000	3,000	2,804	196
Legal Services (Legal Dept.):				
Other Expenses	20,000	20,000	17,513	2,487
Engineering Services:				
Other Expenses	26,000	26,000	20,058	5,942
Historical Sites Office:				
Salaries and Wages	1,614	1,614	1,614	-
Other Expenses	950	950	18	932

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>	
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	15,527	15,527	14,636	891
Other Expenses	5,000	5,000	2,089	2,911
Zoning Board of Adjustment (Zoning Officer):				
Salaries and Wages	20,230	20,230	16,677	3,553
Other Expenses	1,500	1,500	631	869
INSURANCE:				
Liability Insurance	51,191	51,191	51,190	1
Employee Group Health Insurance	48,120	52,920	52,910	10
Unemployment Insurance	4,000	4,000	3,008	992
PUBLIC SAFETY FUNCTIONS:				
Office of Emergency Management:				
Salaries and Wages	1,777	1,777	1,777	-
Other Expenses	1,000	1,000	-	1,000
Aid to Volunteer Fire Companies	22,950	22,950	22,950	-
Contribution to First Aid Organizations	13,950	13,950	13,950	-
Office of Municipal Prosecutor:				
Salaries and Wages	22,714	22,714	18,410	4,304

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	128,173	130,073	130,013	60
Other Expenses	87,384	60,784	60,742	42
Buildings and Grounds:				
Salaries and Wages	11,083	11,083	9,604	1,479
Other Expenses	50,868	50,868	50,718	150
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Public Health Services (Board of Health):				
Other Expenses	1,800	1,800	-	1,800
Environmental Health Services:				
Salaries and Wages	1,584	1,584	1,583	1
Other Expenses	1,945	1,945	855	1,090
Animal Control Services:				
Salaries and Wages	8,165	8,165	8,164	1
Contributions to Social Services Agencies:				
Senior Citizens Centers	2,200	2,200	2,200	-
PARK AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	12,259	12,259	12,258	1
Other Expenses	12,000	-	-	-
Maintenance of Parks:				
Other Expenses	30,000	37,000	36,060	940
MUNICIPAL COURT COSTS:				
Other Expenses	38,400	38,400	37,869	531
OTHER COMMON OPERATING FUNCTIONS (Unclassified):				
Celebration of Public Events:				
Salaries and Wages	12,000	12,000	10,435	1,565
Other Expenses	13,500	13,500	12,099	1,401

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	8,000	9,000	8,400	600
Street Lighting	5,500	5,500	4,703	797
Telephone (excluding equipment acquisition)	11,000	11,000	8,956	2,044
Gas (natural or Propane)	5,500	5,500	3,604	1,896
Fuel Oil	14,000	16,000	15,794	206
Gasoline	9,500	22,500	21,926	574
Total Operations within "CAPS"	963,753	960,803	917,123	43,680
Detail:				
Salaries and Wages	413,752	415,602	402,000	13,602
Other Expenses	550,001	545,201	515,123	30,078
 DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"				
Deferred Charges:				
Trust Fund Deficit Balances	6,100	6,100	6,100	
Statutory Expenditures:				
Social Security	40,000	40,850	40,839	11
Contribution to:				
PERS	50,048	50,048	50,048	
DCRP	1,000	1,000		1,000
Total Deferred Charges and Statutory Expenditures	97,148	97,998	96,987	1,011
 Total General Appropriations within "CAPS"	1,060,901	1,058,801	1,014,110	44,691

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

<u>OPERATIONS Excluded from "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
Interlocal Municipal Service Agreements Excluded from "CAPS":				
Municipal Court:				
Salaries and Wages	123,600	125,700	125,674	26
Total Interlocal Municipal Service Agreements Excluded from "CAPS"	123,600	125,700	125,674	26
PUBLIC AND PRIVATE REVENUES OFFSET BY APPROPRIATIONS-EXCLUDED FROM "CAPS":				
Federal and State Grants:				
Clean Communities Program:				
Other Expenses	7,282	7,282	7,282	
Municipal Alliance on Alcoholism and Drug Abuse:				
Other Expenses-Local Share	525	525	525	
Drunk Driving Enforcement Funds:				
Other Expenses	2,272	2,272	2,272	
CH 159 ARP 2022 Funds		97,185	97,185	
American Rescue Funds P/Y Unappropriated	97,185	97,185	97,185	
Total Public and Private Programs Offset by Revenues	107,264	204,449	204,449	-
Total Operations-Excluded from "CAPS"	230,864	330,149	330,123	26
Detail:				
Salaries and Wages	123,600	125,700	125,674	26
Other Expenses	107,264	204,449	204,449	-
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS":				
Capital Improvement Fund	105,000	105,000	105,000	
NJ DOT:				
Hissum Road - Section 1	141,000	141,000	141,000	
Hissum Road - Section 2	139,000	139,000	139,000	
Total Capital Improvements-Excluded from "CAPS"	385,000	385,000	385,000	-

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
Total General Appropriations Excluded from "CAPS"	615,864	715,149	715,123	26
Subtotal General Appropriations	1,676,765	1,773,950	1,729,233	44,717
Reserve For Uncollected Taxes	144,087	144,087	144,087	
TOTALS	\$ 1,820,852	\$ 1,918,037	\$ 1,873,320	\$ 44,717
REF. A-2				A
	<u>REF.</u>			
Adopted Budget	A-2	\$ 1,820,852		
Appropriation 40A:4-87	A-2	<u>97,185</u>		
		<u>\$ 1,918,037</u>		
State and Federal Grant Funds	A-19		\$ 484,449	
Reserve for Encumbrances	A-12		1,244,784	
Reserve for Uncollected Taxes	A-2		<u>144,087</u>	
			<u>\$ 1,873,320</u>	

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

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	REF.	BALANCE <u>12/31/22</u>	BALANCE <u>12/31/21</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 6,245	\$ 5,890
Total Dog License Fund		<u>6,245</u>	<u>5,890</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	173,896	111,474
Amount Due From Current Fund	B-6	<u>155,227</u>	<u>155,612</u>
Total Other Trust Funds		<u>329,123</u>	<u>267,086</u>
TOTAL ASSETS		<u>\$ 335,368</u>	<u>\$ 272,976</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 6,203	\$ 5,884
Amount Due State of New Jersey	B-4	-	4
Amount Due Current Fund	B-5	<u>42</u>	<u>2</u>
Total Dog License Fund		<u>6,245</u>	<u>5,890</u>
Other Trust Fund:			
Reserve for Escrow Trust Deposits	B-7	82,616	40,854
Reserve for Public Defender Trust Deposits	B-8	(4,600)	(6,100)
Reserve for Recreation Trust	B-9	24,934	26,432
Reserve for Driveway Bonds	B-10	2,650	2,650
Reserve for Municipal Open Space	B-11	177,912	179,818
Reserve for Celebration of Public Events Trust Deposits	B-12	28,138	19,740
Reserve for St John's Trust	B-13	3,568	3,692
Reserve for COAH	B-14	<u>13,905</u>	<u>-</u>
Total Other Trust Fund		<u>329,123</u>	<u>267,086</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 335,368</u>	<u>\$ 272,976</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/22</u>	<u>BALANCE</u> <u>12/31/21</u>
Cash - Treasurer	C-2	\$ 95,676	\$ 111,551
Amount Due Current Fund	C-3	<u> -</u>	<u> 1,083</u>
TOTAL ASSETS		<u>\$ 95,676</u>	<u>\$ 112,634</u>

LIABILITIES, RESERVES AND FUND BALANCE

Amount Due Current Fund	C-3	\$ 492	-
Amount Due Grants Fund	C-6	28,346	\$ 28,346
Capital Improvement Fund	C-4	60,790	78,239
Fund Balance	C-1	1,076	1,076
Improvement Authorizations:			
Funded	C-5	<u> 4,972</u>	<u> 4,973</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 95,676</u>	<u>\$ 112,634</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2021	C	<u>\$ 1,076</u>
Balance December 31, 2022	C	<u>\$ 1,076</u>

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

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2022

F

	BALANCE <u>12/31/22</u>	BALANCE <u>12/31/21</u>
General Fixed Assets:		
Land	\$ 724,202	\$ 724,202
Buildings	1,014,533	1,014,533
Improvements Other Than Buildings	27,414	27,414
Machinery and Equipment	<u>1,710,464</u>	<u>1,588,015</u>
 Total General Fixed Assets	 <u>\$ 3,476,613</u>	 <u>\$ 3,354,164</u>
 Investment In General Fixed Assets	 <u>\$ 3,476,613</u>	 <u>\$ 3,354,164</u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

ASSETS	BALANCE <u>12/31/22</u>	BALANCE <u>12/31/21</u>
Cash and Cash Equivalents:		
Cash - Treasurer	\$ 40,504	\$ 33,003
TOTAL ASSETS	<u>\$ 40,504</u>	<u>\$ 33,003</u>

LIABILITIES AND RESERVES

Payroll Tax Liabilities	\$ 40,504	33,003
TOTAL LIABILITIES AND RESERVES	<u>\$ 40,504</u>	<u>\$ 33,003</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

Current Fund

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

Trust Funds

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

General Capital Fund

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

Public Assistance Fund

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group

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

C. Basis of Accounting

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

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

Revenues--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body.

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Property Tax Revenue

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

General Fixed Assets

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Departures from Generally Accepted Accounting Principles

- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

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

Statutory-Basis Financial Statements--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2022, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2: CASH AND CASH EQUIVALENTS (Continued)

As of December 31, 2022, cash and cash equivalents of the municipality consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ 2,035,251	\$ 2,035,251
	\$ 2,035,251	\$ 2,035,251

The carrying amount of the municipality's cash and cash equivalents at December 31, 2022, was \$2,035,251 and the bank balance was \$2,010,033. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,760,033 was covered by collateral pool.

Note 3: LONG-TERM DEBT

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Long Term Debt:				
Bond Anticipation Notes	None			None
Compensated absences payable	None			None
Total Long-Term Debt	-	-	-	-

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

The Township debt is summarized as follows:

<u>Summary of Municipal Debt</u>	YEAR <u>2022</u>	YEAR <u>2021</u>	YEAR <u>2020</u>
<u>Issued</u>			
General:			
Bonds and Notes	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Total Deductions	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Net Debt Issued	NONE	NONE	NONE
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 3: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.0%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	-	-	-
General Debt	-	-	-
	-	-	-
Net Debt of Zero Divided by Equalized Valuation Basis per			
N.J.S.A. 40A:2-2 as amended,	\$ 264,155,932	equals	Zero

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,245,458
Net Debt	-
Remaining Borrowing Power	\$ 9,245,458

Note 4: GENERAL FIXED ASSETS

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

	Balance 12/31/21	<u>Additions</u>	<u>Adjustments/ Deletions</u>	Balance 12/31/22
Land	\$ 724,202	-	-	\$ 724,202
Buildings	1,014,533	-	-	1,014,533
Improvements Other Than Buildings	27,414	-	-	27,414
Machinery and Equipment	1,588,015	\$ 122,449	-	1,710,464
	\$ 3,354,164	\$ 122,449	-	\$ 3,476,613

	Balance 12/31/20	<u>Additions</u>	<u>Adjustments/ Deletions</u>	Balance 12/31/21
Land	\$ 724,202	-	-	\$ 724,202
Buildings	1,014,533	-	-	1,014,533
Improvements Other Than Buildings	27,414	-	-	27,414
Machinery and Equipment	1,546,237	\$ 41,778	-	1,588,015
	\$ 3,312,386	\$ 41,778	-	\$ 3,354,164

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2022, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2023, were as follows:

Current Fund - \$246,162 *

* - Introduced Budget

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2022 there were no emergency appropriations or special emergency appropriations under New Jersey Statute 40A:4-4 or 40A:4-55, respectively.

Note 7: SCHOOL TAXES

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

	TOTAL DEFERRED TAX <u>12/31/22</u>	LOCAL DISTRICT <u>SCHOOL TAX</u> BALANCE <u>12/31/22</u>	BALANCE <u>12/31/21</u>	TOTAL DEFERRED TAX <u>12/31/21</u>
Balance of Tax		\$ 2,414,123	\$ 2,010,493	
Deferred		<u>1,866,255</u>	<u>1,866,255</u>	
Tax Payable		<u>547,868</u>	<u>\$ 144,238</u>	
Tax Deferred	<u>\$1,866,255</u>			<u>\$1,866,255</u>

Note 8: PENSION PLANS

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8: PENSION PLANS - (Continued)

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8: PENSION PLANS (Continued)

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

At June 30, 2022, the municipality disclosed a liability of \$504,281 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This is a departure from generally accepted accounting principles, as the measurement date is to be no more than twelve months before the municipality's fiscal year end of December 31, 2022. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2021 and 2020. At June 30, 2021, the municipality's proportion was 0.00426% which was an increase of 0.00087% from its proportion measured as of June 30, 2020.

For the State fiscal year ended June 30, 2021, the municipality's portion of the plan's pension expense was (\$92,663). At June 30, 2021, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 7,953	\$ 3,610
Changes of assumptions	2,626	179,527
Net difference between projected and actual earnings on pension plan investments	-	132,841
Changes in proportion and differences between municipality contributions and proportionate share of contributions	172,039	80,404
Total	\$ 182,618	\$ 396,382

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

	<u>Year Ended June 30:</u>	
	2022	\$83,286
	2023	59,466
	2024	40,546
	2025	30,478
	2026	(12)
Total		\$213,764
	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$2,347,583,337	\$1,164,738,169
Collective deferred inflows of resources	7,849,949,467	8,339,123,762
Collective net pension liability (Non State - Local Group)	\$16,307,379,052	\$11,972,782,878
municipality's proportionate share of net pension liability	\$552,628	\$504,281
municipality's proportion %	0.00338882%	0.00421189%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8: PENSION PLANS (Continued)

Actuarial assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. develop markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8: PENSION PLANS (Continued)

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 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 to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2021, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate</u> (7.00%)	<u>1% Increase</u> (8.00%)
municipality's proportionate share of the net pension liability	\$ 686,728	\$504,281	\$ 349,448

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

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8: PENSION PLANS (Continued)

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

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

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>
<u>Funding</u>	<u>Pension</u>	<u>of Contribution</u>
	<u>Contribution</u>	<u>Paid</u>
2022	\$50,048	100%
2021	\$37,665	100%
2020	\$33,594	100%

Note 9: POST-RETIREMENT BENEFITS

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

Note 10: LEASES

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 11: ACCRUED SICK AND VACATION BENEFITS

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

The Township permits full-time employees five full sick days for first year of employment and hence-forth ten days per year, and this benefit ceases upon termination of employment. Vacation and personal days are provided and not accumulated beyond current year.

No trust funds are accumulated for this liability that will be funded in succeeding general fund budgets.

Note 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

Note 13: OTHER REQUIRED DISCLOSURES

Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2022:

INTERFUND BALANCES

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 26,669	\$ 185,269
Federal/State Grants Fund	32,253	-
Other Trust Funds	155,227	42
General Capital Fund	-	28,838
	<u>\$ 214,149</u>	<u>\$ 214,149</u>

Note 14: RISK FINANCING

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 15: TAX ABATEMENTS

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

PART II
SUPPLEMENTARY INFORMATION

CURRENT FUND SCHEDULES

CURRENT FUND
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance December 31, 2021	A	\$ 1,676,750
Increased by Receipts:		
Collector	A-5	\$ 6,720,094
Miscellaneous Revenue Not Anticipated	A-2	37,963
Revenue Accounts Receivable	A-9	333,309
Veterans/Senior Citizens Deductions	A-17	13,500
Federal/State Grant Funds	A-18	-
Federal/State Grant Funds	A-20	11,015
Due State of New Jersey	A-21	50
Amount Due Municipal Open Space	A-22	6,250
Other Reserves	A-25	1,500
Interfunds Returned/(Advanced)	A:B:C	96,330
		<u>7,220,011</u>
		8,896,761
Decreased by Disbursements:		
Reserve for Encumbrances	A-12	1,295,392
Other Receivables Due	A	700
2021 Appropriation Reserves	A-11	71,571
Taxes Overpaid Refunded	A-14	-
County Taxes	A-15	1,729,079
Local District School Tax	A-16	3,719,438
Federal/State Grant Funds	A-19	325,827
Due State of New Jersey	A-21	100
Amount Due Municipal Open Space	A-22	35,724
		<u>7,177,831</u>
Balance December 31, 2022	A	<u>\$ 1,718,930</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$	13,401	
Taxes Receivable	A-6		6,551,310	
Tax Title Liens	A-7		-	
2023 Prepaid Taxes	A-13		154,434	
Tax Overpayments	A-14		<u>949</u>	\$ <u>6,720,094</u>

Decreased by Disbursements:

Payments to Treasurer	A-4			\$ <u>6,720,094</u>
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CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2021	A	\$ 104,510
Increased by:		
Transfers from Taxes Receivable	A-6	<u>1,245</u>
Balance December 31, 2022	A	<u>\$ 105,755</u>

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

A-8

	<u>REF.</u>	
Balance December 31, 2021	A	<u>\$ 858,700</u>
Balance December 31, 2022	A	<u><u>\$ 858,700</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/21</u>	<u>ACCRUED</u> <u>IN 2022</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/22</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		\$ 5,188	\$ 5,188	
Municipal Court:					
Fines and Costs	A-2	\$ 3,642	89,125	87,085	\$ 5,682
Energy Receipts Tax	A-2		184,384	184,384	
Garden State Trust Fund	A-2		7,426	7,426	
Municipal Relief Fund Aid	A-2		9,618	9,618	
Cell Tower Leases	A-2		21,777	21,777	
Interest on Investments and Deposits	A-2		17,831	17,831	
Totals		<u>\$ 3,642</u>	<u>\$ 335,349</u>	<u>\$ 333,309</u>	<u>\$ 5,682</u>
	REF.		A	A-4	A

CURRENT FUND
SCHEDULE OF AMOUNT FROM OTHER GOVERNMENTAL UNITS -
JOINT COURT

A-10

	<u>REF.</u>		
Balance December 31, 2021	A	\$	17,340
Increased by:			
White Township Court Room Rental Charge	A-9	\$	15,117
Hardwick Township Court Room Rental Charge	A-9		382
Final Audit Allocation - Court Operations CY 2022	A-9		100,143
			115,642
			132,982
Decreased by:			
White Court Operations Prepayments-2022	A-9		10,000
Hardwick Court Operations Prepayments-2022	A-9		-
Hardwick Township Payment of 2021 Allocation Receivable	A-9		26,353
			36,353
Balance December 31, 2022	A	\$	<u>96,629</u>

FINAL ALLOCATION OF COSTS - CY 2022:

White Township	97.5%	\$	97,675	
Hardwick Township	2.5%		2,468	\$ 100,143

ANALYSIS OF RECEIVABLE/(PAYABLE) BALANCE:

CY 2022 (FINAL AUDIT):

White Township - 2022	\$	91,869	
Hardwick-2022		2,851	
Liberty Township - 2015		(699)	
Liberty Township - 2016		2,608	\$ 96,629

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2021

A-11
Sheet 1

	<u>BALANCE</u>	<u>BALANCE</u>	<u>PAID</u>	<u>BALANCE</u>
	<u>12/31/22</u>	<u>AFTER</u>	<u>OR</u>	<u>LAPSED</u>
		<u>TRANSFERS</u>	<u>CHARGED</u>	
General Administration:				
Salary & Wages	\$ 4,831	\$ 4,830	\$ 3,666	\$ 1,164
Other Expenses	290	11,290	10,365	925
Tax Assessment:				
Other Expenses	1,201	1,201	543	658
Legal Services:				
Other Expenses	2,706	2,706	1,425	1,281
Engineering:				
Other Expenses	3,800	-	-	-
Planning Board:				
Other Expenses	75	849	848	1
Unemployment Insurance	1,234	1,234	34	1,200
Municipal Prosecutor:				
Salary & Wages	5,700	-	-	-
Road Repairs and Maintenance:				
Salary & Wages	7,717	1,805	1,805	-
Other Expenses	25,926	25,926	18,991	6,935
Building and Grounds:				
Salary & Wages	2,773	2,773	246	2,527
Other Expenses	575	1,975	1,600	375
Environmental Health Services:				
Salary & Wages	60	60	59	1
Recreation:				
Salary & Wages	183	183	182	1
Maintenance of Parks:				
Other Expenses	914	914	756	158
Celebration of Public Events:				
Salary & Wages	1,835	1,835	357	1,478
Other Expenses	534	1,367	1,172	195
Electricity	1,295	1,295	348	947
Telephone	2,096	2,096	329	1,767
Gas (Natural)	2,765	2,765	1,303	1,462
Fuel Oil	6,781	6,781	5,110	1,671
Gasoline	1,025	2,431	2,430	1
Social Security	2,990	2,990	1,047	1,943
Municipal Court:				
Salary & Wages	5,121	5,121	4,756	365
Other Expenses	14,969	14,969	1,687	13,282
Declared State of Emergency Snow Removal	15,077	15,077	12,512	2,565
All Others - No Change	19,516	19,516		19,516

TOTALS	\$ 131,989	\$ 131,989	\$ 71,571	\$ 60,418
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REF.	A	A	A-4	A-1
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Appropriation Reserve	A	\$ 125,283
Encumbrances	A-12	6,706
		\$ 131,989

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-12

	<u>REF.</u>	
Balance December 31, 2021	A	\$ 57,365
Increased by:		
Transfer from Current Year Appropriations-Current Fund	A-3	1,244,784
		<u>1,302,149</u>
Decreased by:		
Transfer to Appropriation Reserves	A-11	6,706
Cash Disbursements	A-4	<u>1,295,392</u>
		<u>1,302,098</u>
Balance December 31, 2022	A	<u>\$ 51</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-13

	<u>REF.</u>	
Balance December 31, 2021	A	\$ 148,698
Increased by:		
2023 Taxes Collected in Advance	A-5	<u>154,434</u>
		303,132
Decreased by:		
Applied to 2022 Taxes Receivable	A-6	<u>148,698</u>
Balance December 31, 2022	A	<u>\$ 154,434</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-14

	<u>REF.</u>	
Balance December 31, 2021	A	\$ 512
Increased by:		
2022 Tax Overpayments	A-5	<u>949</u> 1,461
Balance December 31, 2022	A	<u>\$ 1,461</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-15

	<u>REF.</u>	
Balance December 31, 2021:		
Due County for Added Taxes	A	\$ 2,663
Increased by:		
2022 Levy:		
County Taxes	A-1:6	\$ 1,547,876
County Library Taxes	A-1:6	127,390
County Open Space Tax	A-1:6	51,150
Added and Omitted Taxes	A-1:6	<u>5,746</u>
		<u>1,732,162</u>
		1,734,825
Decreased by:		
Payments	A-4	<u>1,729,079</u>
Balance December 31, 2022:		
Due County for Added Taxes	A	<u>\$ 5,746</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-16

	<u>REF.</u>		
Balance December 31, 2021:			
School Tax Payable	A	\$ 144,238	
School Tax Deferred		<u>1,866,255</u>	\$ 2,010,493
Increased by:			
Levy - School Year July 1, 2022 to June 30, 2023	A-6		<u>4,123,068</u>
			6,133,561
Decreased by:			
Payments	A-4		<u>3,719,438</u>
Balance December 31, 2022:			
School Tax Payable	A	547,868	
School Tax Deferred		<u>1,866,255</u>	<u>\$ 2,414,123</u>
2022 Liability for Local District School Tax:			
Tax Paid			\$ 3,719,438
Tax Payable 12/31/22			<u>2,414,123</u>
			6,133,561
Less -- Tax Deferred 12/31/22			-
Less -- Tax Payable 12/31/21			<u>2,010,493</u>
Amount Charged to 2022 Operations	A-1		<u>\$ 4,123,068</u>

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

A-17

	<u>REF.</u>	
Balance December 31, 2021	A	\$ 5,958
Increased by:		
Received in Cash From State	A-4	<u>13,500</u>
		19,458
Decreased by:		
Senior Citizens Deductions per Tax Billings	A-6	\$ 1,250
Veterans Deductions per Tax Billings	A-6	12,250
Senior Citizens Deductions Allowed/(Disallowed) by Collector	A-6	<u> - </u> <u>13,500</u>
Balance December 31, 2022	A	<u>\$ 5,958</u>

ANALYSIS OF BALANCE

Amount Due to State of New Jersey -- Pre 1/1/78	\$ 1,912	
Amount Due to State of New Jersey -- Post 1/1/78	<u>4,046</u>	<u>\$ 5,958</u>

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-18

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/21</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/22</u>
Municipal Alliance	\$ 6,725			\$ 6,725
Generator Grant	548			548
N.J. Transportation Trust Authority: Ridgeway Ave.	37,925			37,925
N.J. Transportation Trust Authority: Hope Center Overlay	17,375			17,375
N.J. Transportation Trust Authority: Hissim Road - Section 1	-	\$ 141,000		141,000
N.J. Transportation Trust Authority: Hissim Road - Section 2	-	139,000		139,000
Community Center Grant	112,500			112,500
Totals	\$ 175,073	\$ 280,000	-	\$ 455,073
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS-APPROPRIATED

A-19

	BALANCE <u>12/31/21</u>	TRANSFER		2022 BUDGET APPROPRIATIONS <u>N.J.S. 40A:4-87</u>	EXPENDED	BALANCE <u>12/31/22</u>
		FROM 2022 BUDGET APPROPRIATIONS				
Clean Communities Program	\$ 4,606	\$	7,282		\$ 3,464	\$ 8,424
Drunk Driving Program	5,270		2,272			7,542
Municipal Alliance	23,816				187	23,629
Local Share	644		525			1,169
N.J. Transportation Trust Authority:						
Ridgeway Ave.	151,700				151,700	-
Hope Center Overlay	17,374					17,374
Recycling Tonnage Grant	1,779				500	1,279
Community Center Grant	112,500				33,890	78,610
American Rescue Plan (ARP)			97,185	\$ 97,185	136,086	58,284
NJDOT - Hissim Rd Sec 1			141,000			141,000
NJDOT - Hissim Rd Sec 2			139,000			139,000
Totals	\$ 317,689	\$	387,264	\$ 97,185	\$ 325,827	\$ 476,311

REF. A A-3 A-3 A-4 A

CURRENT FUND
SCHEDULE OF STATE GRANTS - UNAPPROPRIATED

A-20

	BALANCE	TRANSFER TO 2022 BUDGET	RECEIVED	BALANCE
	<u>12/31/21</u>	<u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>12/31/22</u>
Drunk Driving Grant	\$ 2,272	\$ 2,272	\$ 2,685	\$ 2,685
Clean Communities	7,282	7,282	7,388	7,388
American Rescue Plan (ARP)	97,185	97,185	-	-
Recycling Tonnage Grant			942	942
Totals	<u>\$ 106,739</u>	<u>\$ 106,739</u>	<u>\$ 11,015</u>	<u>\$ 11,015</u>
REF.	A	A-2:3	A-4	A

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

A-21

	<u>REF.</u>	
Balance December 31, 2021	A	\$ 700
Increased by:		
Marriage License Receipts	A-4	<u>50</u> 750
Decreased by:		
State Payments	A-4	<u>100</u>
Balance December 31, 2022	A	<u>\$ 650</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-22

	<u>REF.</u>		
Balance December 31, 2021	A		\$ 179,818
Increased by:			
Farmland Preservation Land Reimbursement	A-4	\$ 6,250	
2022 Municipal Open Space Tax	A-6	<u>27,568</u>	<u>33,818</u>
			213,636
Decreased by:			
Appraisal, Title and Survey Fees	A-4	1,523	
Gugal Farm Preservation	A-4	26,201	
Land Conservancy of New Jersey	A-4	<u>8,000</u>	<u>35,724</u>
Balance December 31, 2022	A		<u>\$ 177,912</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA EXPENDITURES-RECONSTRUCTION OF ROADS

A-23

	<u>REF.</u>	
Balance December 31, 2021	A	<u>\$ 7,368</u>
Balance December 31, 2022	A	<u>\$ 7,368</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE PROCEEDS - SALT SHED

A-24

	<u>REF.</u>	
Balance December 31, 2021	A	\$ <u>46,053</u>
Balance December 31, 2022	A	\$ <u>46,053</u>

CURRENT FUND
SCHEDULE OF OTHER RESERVES

A-25

	<u>REF.</u>	
Balance December 31, 2021	A	\$ 1,241
Increased by:		
Campbell Foundry	A-4	<u>1,500</u> 2,741
Balance December 31, 2022	A	<u>\$ 2,741</u>
 <u>Detail:</u>		
Verizon Inspection fees		\$ 741
Campbell Foundry		1,500
Fire Code Fees		<u>500</u>
Total		<u>\$ 2,741</u>

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Balance December 31, 2021	B	\$ 5,890	\$ 111,474
Increased by Receipts:			
Dog License Fees	B-3	3,140	
State Dog License Fees	B-4	601	
Amount Due Current Fund	B-5:6	82	
Escrow Trust Deposits	B-7		54,316
Public Defender Trust Deposits	B-8		384
Recreation Trust Fund Deposits	B-9		6,409
Celebration of Public Events Trust Deposits	B-12		28,170
St John's Trust Fund	B-13		32
COAH Receipts	B-14	<u>-</u>	<u>13,965</u>
Total Receipts		<u>3,823</u>	<u>103,276</u>
		<u>9,713</u>	<u>214,750</u>
Decreased by Disbursements:			
Dog License Operating Expenditures	B-3	-	
Amount Due Current Fund	B-5:6	3,468	20,222
Escrow Trust Deposits Returned	B-7		-
Recreation Trust Fund Payments	B-9		-
Celebration of Public Events Trust Payments	B-12		20,572
St John's Trust Fund	B-13		-
COAH Expenditures	B-14	<u>-</u>	<u>60</u>
Total Disbursements		<u>3,468</u>	<u>40,854</u>
Balance December 31, 2022	B	<u>\$ 6,245</u>	<u>\$ 173,896</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2021	B	\$ 5,884
Increased by:		
Dog License Fees Collected	B-2	<u>3,140</u>
		9,024
Decreased by:		
Administrative Expenses	B-5	<u>2,821</u>
Balance December 31, 2022	B	<u>\$ 6,203</u>

DOG FEES COLLECTED

CY 2021	\$ 3,659
CY 2020	<u>2,974</u>
	<u>\$ 6,633</u>

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

B-4

	<u>REF.</u>	
Balance December 31, 2021	B	\$ 4
Increased by:		
Collected in 2022:		
State Board of Health Fees	B-2	<u>601</u> 605
Decreased By:		
Payments	B-5	<u>\$ 605</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2021	B	\$ 2
Increased by:		
Dog Fund Expenditures Paid by Current Fund	B-3	\$ 2,821
Dog Fund State Fees Paid by Current Fund	B-4	605
Interest Credits Due Current Fund	B-2	82
		3,508
		3,510
Decreased by:		
Due Current Fund	B-2	3,468
		3,468
Balance December 31, 2022	B	\$ 42

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
OTHER TRUST FUND

B-6

	<u>REF.</u>	
Balance December 31, 2021	B	\$ 155,612
Increased by:		
Interfund Returns to Current Fund	B-2	20,222
Public Defender Receipts received in Current Fund	B-8	6,100
Municipal Open Space Levy Includes Added Omitted Taxes	B-11	33,818
Trust Deposits Received in Current Fund	B-12	800
		<u>60,940</u>
		216,552
Decreased by:		
Escrow Trust paid by Current Fund	B-7	12,554
Public Defender paid by Current Fund	B-8	4,984
Recreation Receipts paid by Current Fund	B-9	7,907
Open Space Expenditures paid by Current Fund	B-11	35,724
St Johns Trust Paid by Current Fund	B-13	156
		<u>61,325</u>
Balance December 31, 2022	B	<u>\$ 155,227</u>
Due to Current Fund - Escrow Trust Interest Credits		\$ (407)
Due from Current Fund - Celebration Public Events Trust		800
Due to Current Fund - Public Defender		(25,728)
Due from Current Fund - Municipal Open Space		177,912
Due from Current Fund - Driveway Trust		2,650
		<u>\$ 155,227</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW TRUST FUND DEPOSITS

B-7

	<u>REF.</u>	
Balance December 31, 2021	B	\$ 40,854
Increased by:		
Escrow Deposits	B-2	<u>54,316</u>
		95,170
Decreased by:		
Escrow Deposits Refunded from Current Fund	B-6	<u>12,554</u>
Balance December 31, 2022	B	<u>\$ 82,616</u>

TRUST FUND
SCHEDULE OF RESERVE FOR
PUBLIC DEFENDERS' TRUST FUND DEPOSITS

B-8

	<u>REF.</u>					
Balance December 31, 2021	B	\$ (6,100)				
Increased by:						
Current Fund Deficit Budget Appropriation	B-6	\$ 6,100				
Public Defender Receipts	B-2	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">384</td> <td style="text-align: right; border-bottom: 1px solid black;">6,484</td> </tr> <tr> <td></td> <td style="text-align: right;">384</td> </tr> </table>	384	6,484		384
384	6,484					
	384					
Decreased by:						
Public Defender Payments in Current Fund	B-6	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">4,984</td> </tr> </table>	4,984			
4,984						
Balance December 31, 2022	B	<u>(4,600)</u>				

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION TRUST FUND

B-9

	<u>REF.</u>					
Balance December 31, 2021	B	\$ 26,432				
Increased by:						
Escrow Deposits	B-2	\$ 6,409				
Escrow Deposits-Received in Current Fund	B-6	<table style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">-</td> <td style="width: 50%; border-bottom: 1px solid black; text-align: right;">6,409</td> </tr> <tr> <td></td> <td style="text-align: right;">32,841</td> </tr> </table>	-	6,409		32,841
-	6,409					
	32,841					
Decreased by:						
Recreation Expenses	B-2	-				
Recreation Expenses-Paid in Current Fund	B-6	<table style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">7,907</td> <td style="width: 50%; border-bottom: 1px solid black; text-align: right;">7,907</td> </tr> <tr> <td></td> <td style="text-align: right;">7,907</td> </tr> </table>	7,907	7,907		7,907
7,907	7,907					
	7,907					
Balance December 31, 2022	B	<u>\$ 24,934</u>				

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-10

	<u>REF.</u>	
Balance December 31, 2021	B	\$ 2,650
Balance December 31, 2022	B	\$ <u>2,650</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE

B-11

	<u>REF.</u>		
Balance December 31, 2021	B		\$ 179,818
Increased by:			
Farmland Preservation Land Reimbursement	B-6	\$ 6,250	
2022 Levy	B-6	27,482	
2022 Added/Omitted Taxes	B-6	86	<u>33,818</u>
			213,636
Decreased by:			
Appraisal, Title and Survey Fees	B-6	1,523	
Farm Land Preservation	B-6	26,201	
Land Conservancy of New Jersey	B-6	8,000	<u>35,724</u>
Balance December 31, 2022	B		<u>\$ 177,912</u>

TRUST FUND
SCHEDULE OF RESERVE FOR CELEBRATION OF PUBLIC EVENTS TRUST FUND

B-12

	<u>REF.</u>		
Balance December 31, 2021	B		\$ 19,740
Increased by:			
Trust Deposits	B-2	\$ 28,170	
Trust Deposits Received in Current Fund	B-6	<u>800</u>	<u>28,970</u>
			48,710
Decreased by:			
Trust Expenditures	B-2	20,572	
Trust Expenditures Paid from Current Fund	B-6	<u>-</u>	<u>20,572</u>
Balance December 31, 2022	B		<u>\$ 28,138</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ST JOHN'S TRUST FUND

B-13

	<u>REF.</u>		
Balance December 31, 2021	B		\$ 3,692
Increased by:			
Trust Deposits	B-2	\$ 32	
Trust Deposits Received in Current Fund	B-6	-	32
			3,724
Decreased by:			
Trust Expenditures	B-2	-	
Trust Expenditures Paid by Current Fund	B-6	156	156
Balance December 31, 2022	B		\$ 3,568

TRUST FUND
SCHEDULE OF RESERVE FOR COAH

B-14

	<u>REF.</u>	
Increased by:		
Trust Deposits	B-2	\$ <u>13,965</u>
		13,965
Decreased by:		
Trust Expenditures	B-2	<u>60</u>
Balance December 31, 2022	B	<u>\$ 13,905</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH

C-2

	<u>REF.</u>		
Balance December 31, 2021	C	\$	111,551
Increased by:			
Budgeted Capital Improvement Fund Appropriation	C-4	\$	105,000
Interest Credits	C-3	<u>980</u>	<u>105,980</u>
			217,531
Decreased by:			
Interfund Returned	C-3		<u>121,855</u>
Balance December 31, 2022	C	\$	<u><u>95,676</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>	
Balance December 31, 2021	C	\$ 1,083
Increased by:		
Interfunds Returned from Current Fund	C-2	<u>121,855</u>
		122,938
Decreased by:		
Interest Credits	C-2	\$ 980
Improvement Authorizations Paid From Current Fund	C-5	<u>122,450</u>
		<u>123,430</u>
Balance December 31, 2022	C	<u>\$ (492)</u>

GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

C-4

	<u>REF.</u>	
Balance December 31, 2021	C	\$ 78,239
Increased by:		
Budgeted Appropriation	C-2	<u>105,000</u>
		183,239
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	<u>122,449</u>
Balance December 31, 2022	C	<u><u>60,790</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-5

<u>IMPROVEMENT DESCRIPTION</u>	<u>NUMBER</u>	<u>ORDINANCE</u> <u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u> <u>12/31/21</u>		<u>CAPITAL</u> <u>IMPROVEMENT</u> <u>FUND</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>12/31/22</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>			<u>FUNDED</u>	<u>UNFUNDED</u>
Catch Basins	15-09	12/9/15	\$ 50,000	\$ 1,751			\$ 1	\$ 1,750	
Pick-Up Truck	21-07	8/11/21	45,000	3,222			-	3,222	
Wheel Loader	22-04	6/15/23	122,449			\$ 122,449	122,449		
				\$ 4,973	-	\$ 122,449	\$ 122,450	\$ 4,972	-
REF.				C	C	C-4	C-3	C	C

GENERAL CAPITAL FUND
STATEMENT OF AMOUNTS DUE GRANTS FUND

C-6

	<u>REF.</u>	
Balance December 31, 2021	C	<u>\$ 28,346</u>
Balance December 31, 2022	C	<u>\$ 28,346</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2022

F-1

	<u>BALANCE</u> <u>12/31/21</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/22</u>
General Fixed Assets:				
Land	\$ 724,202			\$ 724,202
Buildings	1,014,533			1,014,533
Improvements Other Than Buildings	27,414			27,414
Machinery and Equipment	<u>1,588,015</u>	<u>\$ 122,449</u>	<u> -</u>	<u>1,710,464</u>
Total General Fixed Assets	<u>\$ 3,354,164</u>	<u>\$ 122,449</u>	<u> </u>	<u>\$ 3,476,613</u>
 Investment In General Fixed Assets	 <u>\$ 3,354,164</u>	 <u>\$ 122,449</u>	 <u> </u>	 <u>\$ 3,476,613</u>

**PART III
SUPPLEMENTARY INFORMATION**

General Comments

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

Schedule of Federal/State Awards

Status of Prior Audit Findings

Schedule of Findings and Responses

GENERAL COMMENTS

Scope of Audit

The audit of the financial statements of the Township of Hope, County of Warren, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and the records of the various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

Effective March 30, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

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

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

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

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$44,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 5, 2022, adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW, THEREFORE, BE IT RESOLVED that a grace period of 10 days for non-payment of taxes per R.S.54:4-67 is declared and that interest of 8% per annum for the first \$1,500 of delinquency and 18% per annum for any amount in excess of \$1,500 shall be charged, except that no interest shall be charged if payment of any installment is made within 10 days after the date upon which the same shall be payable.²

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

The governing body, on January 5, 2022, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2022, include only real property items on the 2017 through 2022 tax levies.

The last tax sale was held on January 27, 2022 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2022	5
2021	5
2020	5

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

Verification notices were mailed to confirm balances as of November 15, 2022. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

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

<u>Verification Type</u>	Type of Receivable - Real Property Tax		Date of Circulars - November 15, 2022	
	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2022 Property Tax	Positive	1,218	60	16
2022 Property Tax	Positive	1,218	60	16
2022 Delinquent Tax	Negative	461	25	7

Technical Accounting Directives

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

<u>Requirement</u>	FY 2022 Required	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

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

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2022</u>	<u>%</u>	<u>YEAR 2021</u>	<u>%</u>
Fund Balance Utilized	\$ 246,162	3.12%	\$ 246,162	3.29%
Miscellaneous - From Other Than				
Local Property Tax Levies	868,597	11.01%	636,875	8.51%
Collection of Delinquent Taxes and				
Tax Title Liens	30,356	0.38%	53,015	0.71%
Collection of Current Tax Levy	6,683,152	84.71%	6,487,230	86.70%
Other Credits to Income	<u>61,138</u>	<u>0.77%</u>	<u>59,199</u>	<u>0.79%</u>
Total Income	<u>7,889,405</u>	<u>100.00%</u>	<u>7,482,481</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	1,801,518	23.52%	1,593,484	21.84%
County Taxes	1,732,162	22.62%	1,691,810	23.19%
Local Taxes	4,123,068	53.83%	4,002,979	54.87%
Interfund Advances	<u>1,992</u>	<u>0.03%</u>	<u>7,652</u>	<u>0.10%</u>
Total Expenditures	<u>\$ 7,658,740</u>	<u>100.00%</u>	<u>\$ 7,295,925</u>	<u>100.00%</u>

Excess in Revenue	230,665		186,556	
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Adjustments to Income Before Fund Balance:

 Expenditures Included Above Which are by Statute

Deferred Charges to Budget of Succeeding Year	_____	-	_____	-
---	-------	---	-------	---

Statutory Excess To Fund Balance	230,665		186,556	
----------------------------------	---------	--	---------	--

Fund Balance January 1	732,111		791,717	
------------------------	---------	--	---------	--

Less:

Utilization as Anticipated Revenue	<u>246,162</u>		<u>246,162</u>	
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Fund Balance December 31	<u>\$ 716,614</u>		<u>\$ 732,111</u>	
--------------------------	-------------------	--	-------------------	--

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	<u>\$3.065</u>	<u>\$2.977</u>	<u>\$3.013</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.382	\$0.374	\$0.374
Municipal Open Space	\$0.012	\$0.012	\$0.012
County	\$0.789	\$0.770	\$0.780
Local School	\$1.882	\$1.821	\$1.847

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2022	\$219,076,710
2021	\$219,852,501
2020	\$219,905,569

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2022	\$ 6,736,985	\$6,683,152	99.20%
2021	\$ 6,555,307	\$6,487,230	98.96%
2020	\$ 6,630,168	\$6,568,792	99.07%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2022	\$ 105,755	\$ 41,378	\$ 147,133	2.18%
2021	\$ 104,510	\$ 31,344	\$ 135,854	2.07%
2020	\$ 103,302	\$ 51,519	\$ 154,821	2.34%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2022	\$858,700
2021	\$858,700
2020	\$858,700

Comparitive Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year Regular</u>
2022	\$ 716,614	\$ 264,162
2021	\$ 732,111	\$ 264,162
2020	\$ 791,717	\$ 264,162
2019	\$ 869,331	\$ 221,683
2018	\$ 740,412	\$ 169,948
2017	\$ 512,885	\$ 169,948
2016	\$ 476,323	\$ 145,000
2015	\$ 210,034	\$ 99,487
2014	\$ 151,304	\$ 141,304

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Timothy C. McDonough	Mayor		
John Kruk	Committeeperson		
Terry Urfer	Committeeperson		
Robin Keggan	Municipal Clerk		
Kathleen Reinalda	Certified Municipal Finance Officer	\$1,000,000	Municipal Excess Liability JIF

Officials in Office and Surety Bonds (Continued)

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Stephen J. Lance	Collector; Tax Search Officer	\$1,000,000	Municipal Excess Liability JIF
Karen M. Bartlett-Lance	Assistant Tax Collector	\$1,000,000	Municipal Excess Liability JIF
Michael Selvaggi	Attorney		
Richard Motyka	Assessor		
George Boesze	Zoning Officer		
Alan DeCarolis	Animal Control Officer		
Alfia Schemm	Planning Board Secretary; Zoning Board of Adjustment Secretary		
Robin Keggan	Secretary to Environmental Commission		

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

All other officials handling monies were bonded by blanket bond coverage in the amount of \$50,000 under faithful performance blanket bond position as provided by the Public Alliance Joint Insurance Fund.

<u>Year</u>	<u>Tax Collector</u>	<u>Municipal Court</u>
2022	\$95,888	\$14,950

All the bonds were examined and were properly executed.



ARDITO & COMPANY LLC

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

Independent Auditor's Report

The Honorable Mayor and
Members of the Township Committee
Township of Hope
P.O. Box 284
County of Warren, New Jersey
Hope, New Jersey 07844

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Township of Hope in the County of Warren, State of New Jersey, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Township of Hope's basic financial statements, and have issued our report thereon dated April 15, 2023, which indicated that the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

-Continued-

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

April 15, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & COMPANY LLC

Frenchtown, New Jersey

April 15, 2023

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

K-3

FEDERAL GRANTOR/PROGRAM TITLE	CFDA	STATE ACCOUNT OR NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE			CASH ACCRUED OR DEFERRED REVENUE		TOTAL DISBURSEMENTS	
						BALANCE AT 1/1/22	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	BALANCE AT 12/31/22		
<u>US DEPT. OF TRANSPORTATION</u>												
(Passed Through NJ Department of Transportation)												
NJ Transportation Fund Authority Act:												
Ridgeway Avenue	20.600	N/A	151,700	2021	A	\$ 113,775			\$ 151,700	\$ (37,925)		
Hope Center Overlay	20.600	N/A	107,000	2020	A	(1)				(1)	\$ 89,626	
Hissim Road - Section 1	20.600	N/A	141,000	2022	A	-				-		
Hissim Road - Section 2	20.600	N/A	139,000	2022	A	-				-		
<u>US DEPT. OF TREASURY (Passed Through NJ Department of Treasury)</u>												
Coronavirus State and Local Fiscal Recovery Funds (SLFRF); American Rescue Plan	21.027	N/A	194,370	2021/2022	A	97,185	\$ 97,185		136,086	58,284		
						<u>\$ 210,959</u>	<u>\$ 97,185</u>	<u>\$ -</u>	<u>\$ 287,786</u>	<u>\$ 20,358</u>	<u>89,626</u>	

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

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

**SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>STATE GRANTOR/ PROGRAM TITLE</u>	<u>ACCOUNT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	<u>CASH (ACCRUED) OR DEFERRED REVENUE BALANCE AT 1/1/22</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH (ACCRUED) OR DEFERRED REVENUE BALANCE AT 12/31/22</u>
<u>DEPT. OF COMMUNITY AFFAIRS</u>									
Municipal Alliance Program N.J.S.40A:11-5(a)	N/A		Prior Years	A	\$ 17,091			\$ 187	\$ 16,904
<u>DEPT. OF ENVIR. PROTECTION</u>									
Solid Waste Admin.- Clean Communities Program	4900-765-178900	7,388	2022	A		\$ 7,388			7,388
Clean Communities Program			Prior Years	A	11,888			3,464	8,424
<u>DEPT. OF PUBLIC SAFETY</u>									
Drunk Driving Enforcement Fund	4250-760-050000-63	2,685	2022	A		2,685			2,685
Drunk Driving Enforcement Fund	4250-760-050000-63		Prior Years	A	7,542				7,542
<u>OTHER LOCAL AIDS</u>									
Community Center Grant	N/A	112,500	2021	A	-			33,890	(33,890)
Recycling Grant	N/A	942	2022	A	-	942			942
Recycling Grant	N/A	1,328	2021	A	1,328			49	1,279
Recycling Grant	N/A	909	2020	A	451			451	-
Generator Grant	N/A	12,500	2017	A	(548)				(548)
TOTAL STATE ASSISTANCE					\$ 37,752	\$ 11,015	-	\$ 38,041	\$ 10,726

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

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

TOWNSHIP OF HOPE

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2022

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Uniform Guidance, Audits of States, Local Governments and Nonprofit Organizations. However, the Township was not subject to the single audit provisions of Federal OMB Uniform Guidance or New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2022 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

Prior Year
Occurrence

None

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2022

Summary of Auditor's Results

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

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

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

The Township was not subject to the single audit provisions of Federal OMB Uniform Guidance and New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2022 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

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

Finding

None