

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

**REPORT OF AUDIT
DECEMBER 31, 2020**

TOWNSHIP OF HOPE

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 Financial Statements

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Township of Hope, County of Warren, State of New Jersey (the "Township"), as of December 31, 2020 and 2019, and the related comparative statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis, and statement of expenditures-regulatory basis of the various funds, and the related notes to the financial statements for the year ended December 31, 2020, which collectively comprise the Township's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

-Continued-

the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, or the results of its operations and changes in its fund balances for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2020 and 2019, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the years then ended, in conformity with accounting principals and practices as described in Note 1 to the financial statements.

Emphasis of Matter

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

Other Matters

Report on Supplementary Information

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

-Continued-

The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

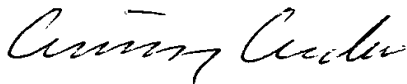
Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated May 15, 2021, 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



Frenchtown, New Jersey
May 15, 2021



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & COMPANY LLC
Frenchtown, New Jersey
May 15, 2021

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/20</u>	<u>BALANCE</u> <u>12/31/19</u>
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ <u>1,564,839</u>	\$ <u>1,472,623</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	51,519	43,743
Tax Title Liens Receivable	A-7	103,302	102,078
Property Acquired For Taxes-Assessed Valuation	A-8	858,700	858,700
Revenue Accounts Receivable	A-9	3,384	6,345
Due Other Governmental Units - Joint Court	A-10	-	16,746
Other Accounts Receivable	A	20,000	20,000
Amount Due From State and Federal Grants Fund	A	7,089	-
Amount Due From General Capital Fund	C	57	133
Amount Due From Other Trust Fund	B	20,347	10,003
Amount Due From Dog License Fund	B	<u>1</u>	<u>5</u>
Subtotal		<u>1,064,399</u>	<u>1,057,753</u>
Deferred Charges:			
Special Emergency and Emergency Authorizations	A-27	<u>-</u>	<u>22,500</u>
Total Current Fund Assets		<u>2,629,238</u>	<u>2,552,876</u>
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-18	45,517	38,689
Amount Due From Current Fund	A	-	21,999
Amount Due From General Capital Fund	C	<u>28,346</u>	<u>28,346</u>
Subtotal		<u>73,863</u>	<u>89,034</u>
TOTAL ASSETS		<u>\$ 2,703,101</u>	<u>\$ 2,641,910</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>12/31/20</u>	<u>BALANCE</u> <u>12/31/19</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:11	\$ 71,441	\$ 46,129
Reserve For Encumbrances-Budget Appropriations	A-12	17,060	10,199
Due Other Governmental Units - Joint Court	A-10	3,433	-
Amount Due To State and Federal Grants Fund	A	-	21,999
Amount Due To Other Trust Fund	B	13,850	23,550
Taxes Collected In Advance	A-13	158,891	117,311
Tax Overpayments	A-14	2,824	512
Amount Due County For Added Taxes	A-15	1,143	773
Amount Due For Local School Taxes	A-16	247,896	175,268
Amount Due To State Of New Jersey For Senior Citizens and Veterans Deductions	A-17	5,458	5,708
Accounts Payable	A-21	850	1,050
Amount Due To Other Trust Fund - Municipal Open Space	A-22	179,262	169,631
Fema Reserve	A-23	7,368	7,368
Insurance Proceeds Reserve	A-24	46,053	46,053
Other Reserves	A-25	1,241	1,241
Amount Due To Other Trust Fund-Third Party Tax Liens	A-26	16,352	-
Subtotal		773,122	626,792
Reserve For Receivables And Other Assets	A	1,064,399	1,057,753
Fund Balance	A-1	791,717	869,331
Total Current Liabilities, Reserves and Fund Balance		2,629,238	2,553,876
Federal And State Grant Fund:			
Amount Due From Current Fund	A	7,089	-
Reserve For Federal/State Grants - Appropriated	A-19	57,927	87,230
Reserve For Federal/State Grants - Unappropriated	A-20	8,847	804
Subtotal		73,863	88,034
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 2,703,101	\$ 2,641,910

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>	<u>YEAR</u> <u>2020</u>	<u>YEAR</u> <u>2019</u>
Fund Balance Utilized	A-2	\$ 256,742	\$ 166,683
Miscellaneous Revenue Anticipated	A-2	461,233	439,409
Receipts From Delinquent Taxes	A-2	43,403	40,026
Receipts From Current Taxes	A-2	6,568,792	6,416,470
Non-Budget Revenues	A-2	38,873	26,069
Other Credits To Income:			
Interfund Returns	A-4	-	8,552
Refund of Prior Year Expenditures	A-2	-	1,220
Unexpended Balance of Appropriation Reserves	A-11	16,961	53,078
Tax Overpayments Canceled	A-14	-	4,252
Federal and State Grants Canceled	A-19	-	13,408
TOTAL INCOME		<u>7,386,004</u>	<u>7,169,167</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	538,043	478,266
Other Expenses	A-3	514,201	544,426
Capital Improvements	A-3	232,000	165,000
Municipal Debt Service	A-3	-	-
Deferred Charges and Statutory Expenditures	A-3	97,095	78,870
County Taxes	A-15	1,713,558	1,691,665
Amount Due County For Added and Omitted Taxes	A-15	1,143	773
Local District School Taxes	A-16	4,060,247	3,915,041
Municipal Open Space Taxes	A-22	27,506	22,024
Interfund Advances>Returns	A-4	23,083	-
TOTAL EXPENDITURES		<u>7,206,876</u>	<u>6,896,065</u>
Excess in Revenue		179,128	273,102
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-27	-	22,500
Statutory Excess To Fund Balance		179,128	295,602
Fund Balance January 1	A	<u>869,331</u>	<u>740,412</u>
		1,048,459	1,036,014
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>256,742</u>	<u>166,683</u>
Fund Balance December 31	A	<u>\$ 791,717</u>	<u>\$ 869,331</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>REF.</u>	<u>ANTICIPATED</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>DEFICIT</u>
Anticipated Surplus-Cash Surplus	A-1	\$ 256,742	\$ 256,742	
Miscellaneous Revenues				
LOCAL REVENUES:				
Liquor Licenses-Clerk	A-9	4,100	5,188	\$ 1,088
Municipal Court Fines and Costs	A-9	85,441	110,969	25,528
Interest and Costs On Taxes	A-6	11,700	16,000	4,300
Interest on Investments and Deposits	A-9	1,400	8,953	7,553
TOTAL LOCAL REVENUES		102,641	141,110	38,469
STATE AID REVENUES:				
Energy Receipts Tax	A-9	184,384	184,384	-
Garden State Trust Fund	A-9	7,426	7,426	-
TOTAL STATE AID REVENUES		191,810	191,810	-

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 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
FEDERAL AND STATE GRANT REVENUES:				
Municipal Drug Alliance	A-18:20	2,100	2,100	
Recycling Tonnage Grant	A-18:20	909	909	
Drunk Driving Enforcement	A-18:20	804	804	
NJDOT Grant - Hope Center Overlay	A-18:20	107,000	107,000	
TOTAL FEDERAL AND STATE GRANT REVENUES		110,813	110,813	
Other Special Items:				
Cell Tower Leases	A-9	10,500	17,500	7,000
Total Other Special Items		10,500	17,500	7,000
TOTAL MISCELLANEOUS REVENUES	A-2	415,764	461,233	45,469
RECEIPTS FROM DELINQUENT TAXES	A-2	25,000	43,403	18,403
Amount To be Raised by Taxes For Support Of Municipal Budget:				
Local Tax For Municipal Purposes	A-2	824,345	906,851	82,506
Total General Revenues		1,521,851	1,668,229	146,378
Non-Budget Revenues:				
Other Non-Budget Revenues	A-1		38,873	38,873
		\$ 1,521,851	\$ 1,707,102	\$ 185,251

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		\$ 6,553,542
State of New Jersey, Senior Citizens and Veterans Deductions		<u>15,250</u>
	A-1	6,568,792

Allocated To:

School, County Taxes and Municipal Open Space Taxes		<u>5,802,454</u>
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Excess Supported by Municipal Revenues		766,338
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Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>140,513</u>
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Amount For Support Of Municipal Budget Appropriations	A-2	<u><u>\$ 906,851</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	\$	1,250
Abandoned Property Fees		4,500
Property Lists		20
Vital Statistics		37
Board of Adjustment		250
Cable TV Franchise		1,710
Hotel Tax		6,838
Licenses		800
Auction Proceeds		900
Insurance Reimbursement		6,480
Copies Sales		360
Miscellaneous		756
Covid Reimbursement		13,225
Vet/Senior Administration Fee		300
Miscellaneous-Collector		1,447
	A-4	\$ 38,873

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	\$ 93,000	\$ 103,000	\$ 99,903	\$ 3,097
Other Expenses	21,000	25,000	24,788	212
Mayor and Council:				
Salaries and Wages	8,445	8,445	8,444	1
Other Expenses	1,000	1,000	295	705
Municipal Clerk (Elections):				
Salaries and Wages:				
Search Official	-	-	-	-
Other Expenses	600	600	-	600
Financial Administration (Treasury):				
Salaries and Wages	18,871	18,871	18,870	1
Other Expenses	1,500	500	388	112
Audit Services:				
Other Expenses	20,146	20,146	20,145	1
Computerized Data Processing:				
Other Expenses	6,597	6,597	6,596	1
Revenue Administration (Tax Collection):				
Salaries and Wages:	31,137	31,137	31,137	-
Other Expenses	2,500	1,500	1,195	305
Tax Assessment Administration:				
Salaries and Wages	18,985	18,985	18,983	2
Other Expenses	3,000	3,000	2,576	424
Legal Services (Legal Dept.):				
Other Expenses	23,000	19,000	15,043	3,957
Engineering Services:				
Other Expenses	23,000	23,000	22,315	685
Historical Sites Office:				
Salaries and Wages	1,537	1,537	1,536	1
Other Expenses	400	400	141	259

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>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>
LAND USE ADMINISTRATION:			
Planning Board:			
Salaries and Wages	14,784	14,784	13,269
Other Expenses	6,500	6,500	6,048
Zoning Board of Adjustment (Zoning Officer):			
Salaries and Wages	17,000	17,000	15,692
Other Expenses	1,500	2,500	1,697
INSURANCE:			
Liability Insurance	47,720	47,720	47,720
Employee Group Health Insurance	43,105	43,105	35,365
Unemployment Insurance	4,000	4,000	3,066
PUBLIC SAFETY FUNCTIONS:			
Office of Emergency Management:			
Salaries and Wages	1,691	1,691	-
Other Expenses	1,000	1,000	900
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	22,052	20,052	20,010

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 MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	120,000	130,000	122,873	7,127
Other Expenses (Emergency Appropriation 40A:4-46 \$22,500)	112,000	88,700	81,341	7,359
Buildings and Grounds:				
Salaries and Wages	14,000	12,000	10,549	1,451
Other Expenses	35,000	45,000	41,368	3,632
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	1,508	1,608	1,551	57
Other Expenses	1,980	1,980	265	1,715
Animal Control Services:				
Salaries and Wages	7,064	7,064	7,052	12
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	11,669	11,869	11,845	24
Other Expenses	12,000	-	-	-
Maintenance of Parks:				
Other Expenses	20,720	30,720	30,375	345
OTHER COMMON OPERATING FUNCTIONS (Unclassified):				
Celebration of Public Events:				
Salaries and Wages	12,000	12,000	10,523	1,477
Other Expenses	10,000	11,000	10,657	343

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</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	12,000	8,000	6,155	1,845
Street Lighting	5,500	5,500	3,188	2,312
Telephone (excluding equipment acquisition)	13,000	11,000	9,374	1,626
Gas (natural or Propane)	5,500	5,500	2,653	2,847
Fuel Oil	14,000	14,000	9,042	4,958
Gasoline	9,500	6,500	4,931	1,569
Total Operations within "CAPS"	892,411	884,411	820,764	63,647
Detail:				
Salaries and Wages	393,743	410,043	392,237	17,806
Other Expenses	498,668	474,368	428,527	45,841
 DEFERRED CHARGES AND STATUTORY EXPENDITURES				
WITHIN "CAPS"				
Statutory Expenditures:				
Social Security	40,000	40,000	39,049	951
Contribution to:				
PERS	33,595	33,595	33,594	1
DCRP	1,000	1,000		1,000
Total Deferred Charges and Statutory Expenditures	74,595	74,595	72,643	1,952
 Total General Appropriations within "CAPS"	967,006	959,006	893,407	65,599

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>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
Interlocal Municipal Service Agreements Excluded from "CAPS":				
Municipal Court:				
Salaries and Wages	120,000	128,000	123,727	4,273
Other Expenses	35,495	35,495	33,926	1,569
Total Interlocal Municipal Service Agreements Excluded from "CAPS":	155,495	163,495	157,653	5,842
PUBLIC AND PRIVATE REVENUES OFFSET BY APPROPRIATIONS-EXCLUDED FROM "CAPS":				
Federal and State Grants:				
Municipal Alliance on Alcoholism and Drug Abuse:				
Other Expenses-State Share	2,100	2,100	2,100	
Other Expenses-Local Share	525	525	525	
Drunk Driving Enforcement Funds:				
Other Expenses	804	804	804	
Recycling Tonnage Grant				
Other Expenses	909	909	909	
Total Public and Private Programs Offset by Revenues	4,338	4,338	4,338	-
Total Operations-Excluded from "CAPS"	159,833	167,833	161,991	5,842
Detail:				
Salaries and Wages	120,000	128,000	123,727	4,273
Other Expenses	39,833	39,833	38,264	1,569
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS":				
Capital Improvement Fund	125,000	125,000	125,000	
NJ DOT				
Hope Center Overlay	107,000	107,000	107,000	
Total Capital Improvements-Excluded from "CAPS"	232,000	232,000	232,000	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL-EXCL. "CAPS"				
Deferred Charges:				
Emergency Authorization	22,500	22,500	22,500	
Total Deferred Charges-Excluded from "CAPS"	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>414,333</u>	<u>422,333</u>	<u>416,491</u>	<u>5,842</u>
Subtotal General Appropriations	1,381,339	1,381,339	1,309,898	71,441
Reserve For Uncollected Taxes	140,513	140,513	140,513	
TOTALS	<u>\$ 1,521,852</u>	<u>\$ 1,521,852</u>	<u>\$ 1,450,411</u>	<u>\$ 71,441</u>
REF. A-2				A
<u>REF.</u>				
Budget	A-2	<u>\$ 1,521,852</u>		
		<u>\$ 1,521,852</u>		
State and Federal Grant Funds	A-19		\$ 111,338	
Reserve for Encumbrances	A-12		1,198,560	
Reserve for Uncollected Taxes	A-2		<u>140,513</u>	
			<u>\$ 1,450,411</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>12/31/20</u>	BALANCE <u>12/31/19</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 4,133	\$ 4,680
Total Dog License Fund		<u>4,133</u>	<u>4,680</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	72,477	67,133
Amount Due From Current Fund	B-6	<u>189,117</u>	<u>183,178</u>
Total Other Trust Funds		<u>261,594</u>	<u>250,311</u>
TOTAL ASSETS		<u>\$ 265,727</u>	<u>\$ 254,991</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 4,132	\$ 4,669
Amount Due State of New Jersey	B-4	-	6
Amount Due Current Fund	B-5	<u>1</u>	<u>5</u>
Total Dog License Fund		<u>4,133</u>	<u>4,680</u>
Other Trust Fund:			
Reserve for Escrow Trust Deposits	B-7	35,842	36,051
Reserve for Public Defender Trust Deposits	B-8	(18,800)	(9,100)
Reserve for Recreation Trust	B-9	25,306	25,482
Reserve for Driveway Bonds	B-10	1,450	1,450
Reserve for Municipal Open Space	B-11	179,262	169,631
Reserve for Celebration of Public Events Trust Deposits	B-12	6,100	724
Reserve for St John's Trust	B-13	3,682	3,973
Reserve for Tax Sale Premiums	B-14	12,400	22,100
Reserve for Third Party Tax Liens	B-15	<u>16,352</u>	<u>-</u>
Total Other Trust Fund		<u>261,594</u>	<u>250,311</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 265,727</u>	<u>\$ 254,991</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>12/31/20</u>	<u>BALANCE</u> <u>12/31/19</u>
Cash - Treasurer	C-2	\$ 60,969	\$ 147,308
TOTAL ASSETS		<u>\$ 60,969</u>	<u>\$ 147,308</u>

LIABILITIES, RESERVES AND FUND BALANCE

Amount Due Current Fund	C-3	\$ 57	\$ 133
Capital Improvement Fund	C-4	17,139	91,186
Due Grants Fund	C-6	28,346	28,346
Fund Balance	C-1	1,076	1,076
Improvement Authorizations:			
Funded	C-5	14,351	26,567
Unfunded	C-5	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 60,969</u>	<u>\$ 147,308</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, 2019	C	<u>\$ 1,076</u>
Balance December 31, 2020	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, 2020

F

	<u>BALANCE</u> <u>12/31/20</u>	<u>BALANCE</u> <u>12/31/19</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>1,546,237</u>	<u>1,360,406</u>
 Total General Fixed Assets	 <u>\$ 3,312,386</u>	 <u>\$ 3,126,555</u>
 Investment In General Fixed Assets	 <u>\$ 3,312,386</u>	 <u>\$ 3,126,555</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>12/31/20</u>	BALANCE <u>12/31/19</u>
Cash and Cash Equivalents:		
Cash - Treasurer	\$ 28,083	\$ 23,556
TOTAL ASSETS	<u>\$ 28,083</u>	<u>\$ 23,556</u>

LIABILITIES AND RESERVES

Payroll Tax Liabilities	\$ 28,083	23,556
TOTAL LIABILITIES AND RESERVES	<u>\$ 28,083</u>	<u>\$ 23,556</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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020, 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, 2020

Note 2: CASH AND CASH EQUIVALENTS (Continued)

As of December 31, 2020, cash and cash equivalents of the municipality consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ 1,730,501	\$ 1,730,501
	\$ 1,730,501	\$ 1,730,501

The carrying amount of the municipality's cash and cash equivalents at December 31, 2020, was \$1,730,501 and the bank balance was \$2,082,633. 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 \$1,832,633 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>2020</u>	YEAR <u>2019</u>	YEAR <u>2018</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, 2020

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	\$ 150,000	\$ 150,000	-
General Debt	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>-</u>
Net Debt of Zero Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$ 239,817,534 equals		Zero	

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 8,393,614
Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 8,393,614</u>

Note 4: GENERAL FIXED ASSETS

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

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Deletions</u>	<u>Balance</u> <u>12/31/20</u>
Land	\$ 724,202	-	-	\$ 724,202
Buildings	1,014,533	-	-	1,014,533
Improvements Other Than Buildings	27,414	-	-	27,414
Machinery and Equipment	1,360,406	\$ 185,831	-	1,546,237
	<u>\$ 3,126,555</u>	<u>\$ 185,831</u>	<u>-</u>	<u>\$ 3,312,386</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2020, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021, were as follows:

Current Fund - \$266,242 *

* - Preliminary

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, 2020 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>12/31/20</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/20</u>	BALANCE <u>12/31/19</u>	TOTAL DEFERRED TAX <u>12/31/19</u>
Balance of Tax		\$ 2,114,151	\$ 2,041,523	
Deferred		<u>1,866,255</u>	<u>1,866,255</u>	
Tax Payable		<u>247,896</u>	<u>\$ 175,268</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) 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 at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS - (Continued)

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

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

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

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

At June 30, 2020, the municipality disclosed a liability of \$622,298 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2020. 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, 2019 and 2018. At June 30, 2020, the municipality's proportion was 0.00345% which was an increase of 0.0002% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the municipality's portion of the plan's pension expense was (\$47,208). At June 30, 2020, 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>Deferred Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 11,169	\$ 2,749
Changes of assumptions	62,139	215,998
Net difference between projected and actual earnings on pension plan investments	-	9,823
Changes in proportion and differences between municipality contributions and proportionate share of contributions	40,377	227,480
Total	\$ 113,685	\$ 456,050

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:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

	<u>Year Ended June 30:</u>	
2020	\$39,623	
2021	128,538	
2022	114,777	
2023	53,894	
2024	<u>5,534</u>	
Total	<u>\$342,365</u>	
	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$4,684,852,302	\$3,149,522,616
Collective deferred inflows of resources	7,646,736,226	7,645,087,574
Collective net pension liability (Non State - Local Group)	\$19,689,501,539	\$18,018,482,972
municipality's proportionate share of net pension liability	\$639,770	\$622,298
municipality's proportion %	0.00324930%	0.00345366%

Actuarial assumptions - The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Investment Grade Credit	10.00%	4.25%
Public High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. develop markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate - The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2019, calculated using the discount rate of 6.28%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	<u>1% Decrease (5.28%)</u>	<u>Current Discount Rate (6.28%)</u>	<u>1% Increase (7.28%)</u>
Municipality's proportionate share of the net pension liability	\$ 786,063	\$622,298	\$ 484,302

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

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.

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	Annual Pension <u>Contribution</u>	Percentage of Contribution <u>Paid</u>
2020	\$33,594	100%
2019	\$32,320	100%
2018	\$38,895	100%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: POST-RETIREMENT BENEFITS

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

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

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

Note 10: LEASES

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

Note 11: ACCRUED SICK AND VACATION BENEFITS

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

The Township 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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020:

INTERFUND BALANCES

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 20,405	\$ 209,464
Federal/State Grants Fund	28,346	-
Other Trust Funds	189,117	1
General Capital Fund	-	28,403
	<u>\$ 237,868</u>	<u>\$ 237,868</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.

Note 15: TAX ABATEMENTS

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

Note 16: SUBSEQUENT EVENTS

The municipality's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020 and continues subsequent to December 31, 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the municipality's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the municipality's tax base revenue, absenteeism in the municipality's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the municipality.

PART II
SUPPLEMENTARY INFORMATION

CURRENT FUND SCHEDULES

CURRENT FUND
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance December 31, 2019	A	\$ 1,472,623
Increased by Receipts:		
Collector	A-5	\$ 6,705,102
Miscellaneous Revenue Not Anticipated	A-2	38,873
Revenue Accounts Receivable	A-9	334,420
Veterans/Senior Citizens Deductions	A-17	15,000
Federal/State Grant Funds	A-18	103,181
Federal/State Grant Funds	A-20	8,847
Due State of New Jersey	A-21	75
Interfunds Returned/(Advanced)	A:B:C	138
		<u>7,205,636</u>
		8,678,259
Decreased by Disbursements:		
Reserve for Encumbrances	A-12	1,181,500
Other Receivables Due	A	-
2019 Appropriation Reserves	A-11	39,266
Taxes Overpaid Refunded	A-14	3,600
County Taxes	A-15	1,714,331
Local District School Tax	A-16	3,987,619
Federal/State Grant Funds	A-19	140,641
Due State of New Jersey	A-21	275
Amount Due Municipal Open Space	A-22	17,875
Reserve for Salt Shed Payments	A-24	-
Other Reserve Payments	A-25	-
Third Party Tax Liens Refunded	A-26	28,313
		<u>7,113,420</u>
Balance December 31, 2020	A	<u>\$ 1,564,839</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$	16,000	
Taxes Receivable	A-6		6,479,634	
Tax Title Liens	A-7		-	
2021 Prepaid Taxes	A-13		158,891	
Tax Overpayments	A-14		5,912	
Outside Liens	A-26		<u>44,665</u>	\$ <u>6,705,102</u>

Decreased by Disbursements:

Payments to Treasurer	A-4			\$ <u>6,705,102</u>
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CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 102,078
Increased by:		
Transfers from Taxes Receivable	A-6	<u>1,224</u>
Balance December 31, 2020	A	<u>\$ 103,302</u>

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

A-8

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 858,700
Balance December 31, 2020	A	<u>\$ 858,700</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>ACCRUED</u> <u>IN 2020</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/20</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		\$ 5,188	\$ 5,188	
Municipal Court:					
Fines and Costs	A-2	\$ 6,345	108,008	110,969	\$ 3,384
Energy Receipts Tax	A-2		184,384	184,384	
Garden State Trust Fund	A-2		7,426	7,426	
Cell Tower Leases	A-2		17,500	17,500	
Interest on Investments and Deposits	A-2		8,953	8,953	
Totals		<u>\$ 6,345</u>	<u>\$ 331,459</u>	<u>\$ 334,420</u>	<u>\$ 3,384</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, 2019	A	\$	16,746
Increased by:			
White Township Court Room Rental Charge	A-9	\$	2,385
Hardwick Township Court Room Rental Charge	A-9		2,116
Final Audit Allocation - Court Operations CY 2020	A-9		27,330
			31,831
			48,577
Decreased by:			
White Court Operations Prepayments-2020	A-9		25,000
Hardwick Court Operations Prepayments-2020	A-9		6,000
Hardwick Township Payment of 2019 Allocation Receivable	A-9		21,010
			52,010
Balance December 31, 2020	A	\$	<u>(3,433)</u>

FINAL ALLOCATION OF COSTS - CY 2020:

White Township	53.0%	\$	14,482
Hardwick Township	47.0%		12,848
			\$ 27,330

ANALYSIS OF RECEIVABLE/(PAYABLE) BALANCE:

CY 2020 (FINAL AUDIT):

White Township - 2020	\$ (14,306)
Liberty Township - 2015	(699)
Liberty Township - 2016	2,608
Hardwick-2020	8,964
	\$ (3,433)

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2019

A-11
Sheet 1

	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
General Administration:				
Other Expenses	\$ 2,364	\$ 2,364	\$ 2,364	-
Tax Collection:				
Other Expenses	1	101	35	\$ 66
Legal Services:				
Other Expenses	3,270	1,070	1,000	70
Engineering Services:				
Other Expenses	-	1,100	1,070	30
Planning Board:				
Other Expenses	2,527	2,527	1,283	1,244
Zoning Board:				
Other Expenses	815	815	225	590
Employee Group Insurance	8,284	5,984	-	5,984
Municipal Prosecutor:				
Salary and Wages	2,788	88	-	88
Road Repairs and Maintenance:				
Other Expenses	8,606	16,606	16,585	21
Building and Grounds:				
Other Expenses	2,906	2,906	2,611	295
Maintenance of Parks:				
Other Expenses	2,326	4,526	4,432	94
Celebration of Public Events:				
Other Expenses	3,251	3,251	2,240	1,011
Electricity	2,735	1,135	1,100	35
Street Lighting	1,558	1,558	1,077	481
Telephone	1,979	1,979	1,940	39
Gas (Natural)	1,813	13	-	13
Fuel Oil	706	706	499	207
Gasoline	722	722	606	116
Social Security	874	74	-	74
Municipal Court:				
Other Expenses	2,920	2,920	2,199	721
All Others - No Change	5,782	5,782		5,782

TOTALS	<u>\$ 56,227</u>	<u>\$ 56,227</u>	<u>\$ 39,266</u>	<u>\$ 16,961</u>
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REF.	A	A	A-4	A-1
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Appropriation Reserve	A	\$ 46,129
Encumbrances	A-12	10,098
		<u>\$ 56,227</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-12

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 10,199
Increased by:		
Transfer from Current Year Appropriations-Current Fund	A-3	1,198,560
		<u>1,208,759</u>
Decreased by:		
Added/Canceled Current Year Purchase Orders		\$ 101
Transfer to Appropriation Reserves	A-11	10,098
Cash Disbursements	A-4	<u>1,181,500</u>
		<u>1,191,699</u>
Balance December 31, 2020	A	<u>\$ 17,060</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-13

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 117,311
Increased by:		
2021 Taxes Collected in Advance	A-5	<u>158,891</u>
		276,202
Decreased by:		
Applied to 2020 Taxes Receivable	A-6	<u>117,311</u>
Balance December 31, 2020	A	<u>\$ 158,891</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-14

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 512
Increased by:		
2020 Tax Overpayments	A-5	<u>5,912</u> 6,424
Decreased by:		
Refunded	A-4	<u>3,600</u>
Balance December 31, 2020	A	<u>\$ 2,824</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-15

	<u>REF.</u>	
Balance December 31, 2019:		
Due County for Added Taxes	A	\$ 773
Increased by:		
2020 Levy:		
County Taxes	A-1:6	\$ 1,530,266
County Library Taxes	A-1:6	122,417
County Open Space Tax	A-1:6	60,875
Added and Omitted Taxes	A-1:6	<u>1,143</u>
		<u>1,714,701</u>
		1,715,474
Decreased by:		
Payments	A-4	<u>1,714,331</u>
Balance December 31, 2020:		
Due County for Added Taxes	A	<u>\$ 1,143</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-16

	<u>REF.</u>		
Balance December 31, 2019:			
School Tax Payable	A	\$ 175,268	
School Tax Deferred		<u>1,866,255</u>	\$ 2,041,523
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021	A-6		<u>4,060,247</u>
			6,101,770
Decreased by:			
Payments	A-4		<u>3,987,619</u>
Balance December 31, 2020:			
School Tax Payable	A	247,896	
School Tax Deferred		<u>1,866,255</u>	<u>\$ 2,114,151</u>
2020 Liability for Local District School Tax:			
Tax Paid			\$ 3,987,619
Tax Payable 12/31/20			<u>2,114,151</u>
			6,101,770
Less -- Tax Deferred 12/31/20			-
Less -- Tax Payable 12/31/19			<u>2,041,523</u>
Amount Charged to 2020 Operations	A-1		<u>\$ 4,060,247</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, 2019	A	\$ 5,708
Increased by:		
Received in Cash From State	A-4	<u>15,000</u>
		20,708
Decreased by:		
Senior Citizens Deductions per Tax Billings	A-6	\$ 1,500
Veterans Deductions per Tax Billings	A-6	13,500
Senior Citizens Deductions Allowed/(Disallowed) by Collector	A-6	<u>250</u> <u>15,250</u>
Balance December 31, 2020	A	<u>\$ 5,458</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>3,546</u>	<u>\$ 5,458</u>

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-18

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/20</u>
Municipal Alliance	\$ 4,407	\$ 2,100	\$ 1,432	\$ 5,075
Recycling Tonnage Grant	-	909	909	-
N.J. Transportation Trust Authority: Cemetery Road	21,782		21,782	-
N.J. Transportation Trust Authority: Hope Center Overlay	-	107,000	67,106	39,894
Generator Grant	12,500		11,952	548
Totals	\$ 38,689	\$ 110,009	\$ 103,181	\$ 45,517
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS-APPROPRIATED

A-19

	TRANSFER			BALANCE
	FROM			
	BALANCE	2020 BUDGET		
	<u>12/31/19</u>	<u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>12/31/20</u>
Clean Communities Program	\$ 4,396		\$ 1,616	\$ 2,780
Drunk Driving Program	2,466	\$ 804		3,270
Municipal Alliance	21,833	2,100	1,626	22,307
Local Share	-	525	406	119
Radon Awareness Grant	-			-
Sustainable NJ Grant	-			-
ANJEC Grant	-			-
N.J. Transportation Trust Authority:	-			-
Cemetery Road	58,422		58,422	-
Hope Center Overlay	-	107,000	78,000	29,000
Recycling Tonnage Grant	113	909	571	451
Moravian Grange Generator Grant	-			-
Generator Grant	-			-
Totals	\$ 87,230	\$ 111,338	\$ 140,641	\$ 57,927

REF. A A-3 A-4 A

CURRENT FUND
SCHEDULE OF STATE GRANTS - UNAPPROPRIATED

A-20

	BALANCE <u>12/31/19</u>	TRANSFER TO 2020 BUDGET <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	BALANCE <u>12/31/20</u>
Drunk Driving Grant	\$ 804	\$ 804	\$ 2,000	\$ 2,000
Clean Communities			6,847	6,847
Totals	<u>\$ 804</u>	<u>\$ 804</u>	<u>\$ 8,847</u>	<u>\$ 8,847</u>

REF.	A	A-2:3	A-4	A
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CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

A-21

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 1,050
Increased by:		
Marriage License Receipts	A-4	<u> 75</u> 1,125
Decreased by:		
State Payments	A-4	<u> 275</u>
Balance December 31, 2020	A	<u> \$ 850</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-22

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 169,631
Increased by:		
2020 Municipal Open Space Tax	A-6	<u>27,506</u>
		197,137
Decreased by:		
Appraisal, Title and Survey Fees	A-4	\$ 3,875
Land Conservancy of New Jersey	A-4	<u>14,000</u> <u>17,875</u>
Balance December 31, 2020	A	<u>\$ 179,262</u>

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

A-23

	<u>REF.</u>	
Balance December 31, 2019	A	<u>\$ 7,368</u>
Balance December 31, 2020	A	<u>\$ 7,368</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE PROCEEDS - SALT SHED

A-24

	<u>REF.</u>	
Balance December 31, 2019	A	<u>\$ 46,053</u>
Balance December 31, 2020	A	<u>\$ 46,053</u>

CURRENT FUND
SCHEDULE OF OTHER RESERVES

A-25

	<u>REF.</u>	
Balance December 31, 2020	A	\$ 1,241
Balance December 31, 2020	A	<u>\$ 1,241</u>
<u>Detail:</u>		
Verizon Inspection fees		\$ 741
Fire Code Fees		<u>500</u>
Total		<u>\$ 1,241</u>

CURRENT FUND
SCHEDULE OF DUE OTHER TRUST FUND - THIRD PARTY TAX LIEN RESERVES

A-26

	<u>REF.</u>	
Increased by:		
Receipts by Collector	A-5	\$ <u>44,665</u> 44,665
Decreased by:		
Payments to Outside Lien Holders	A-4	<u>28,313</u>
Balance December 31, 2020	A	<u>\$ 16,352</u>

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS

A-27

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/19</u>	<u>RAISED IN 2020 BUDGET</u>	<u>BALANCE 12/31/20</u>
Emergency (40A:4-46)	Streets & Roads - Other Expense	10/18/19	\$ 22,500	\$ 22,500	\$ 22,500	-
Totals				\$ 22,500	\$ 22,500	-
REF.				A	A-3	A

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Balance December 31, 2019	B	\$ <u>4,680</u>	\$ <u>67,133</u>
Increased by Receipts:			
Dog License Fees	B-3	2,974	
State Dog License Fees	B-4	647	
Amount Due Current Fund	B-5:6	36	
Escrow Trust Deposits	B-7		3,193
Public Defender Trust Deposits	B-8		1,105
Recreation Trust Fund Deposits	B-9		5,060
Celebration of Public Events Trust Deposits	B-12		8,577
St John's Trust Fund	B-13	<u>-</u>	<u>20</u>
Total Receipts		<u>3,657</u>	<u>17,955</u>
		<u>8,337</u>	<u>85,088</u>
Decreased by Disbursements:			
Dog License Operating Expenditures	B-3	-	
Dog License Fees - State of New Jersey	B-4	653	
Amount Due Current Fund	B-5:6	3,551	-
Escrow Trust Deposits Returned	B-7		3,425
Recreation Trust Fund Payments	B-9		5,236
Celebration of Public Events Trust Payments	B-12		3,639
St John's Trust Fund	B-13	<u>-</u>	<u>311</u>
Total Disbursements		<u>4,204</u>	<u>12,611</u>
Balance December 31, 2020	B	\$ <u>4,133</u>	\$ <u>72,477</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 4,669
Increased by:		
Dog License Fees Collected	B-2	<u>2,974</u> 7,643
Decreased by:		
Administrative Expenses	B-5	<u>3,511</u>
Balance December 31, 2020	B	<u>\$ 4,132</u>

DOG FEES COLLECTED

CY 2018		\$ 5,181
CY 2019		<u>3,961</u>
		<u>\$ 9,142</u>

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

B-4

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 6
Increased by:		
Collected in 2020:		
State Board of Health Fees	B-2	<u>647</u>
		653
Decreased By:		
Payments	B-2	<u>\$ 653</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>		
Balance December 31, 2019	B	\$	5
Increased by:			
Dog Fund Expenditures Paid by Current Fund	B-3	\$	3,511
Interest Credits Due Current Fund	B-2	36	<u>3,547</u>
			3,552
Decreased by:			
Due Current Fund	B-2		<u>3,551</u>
Balance December 31, 2020	B	\$	<u>1</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
OTHER TRUST FUND

B-6

	<u>REF.</u>		
Balance December 31, 2019	B		\$ 183,178
Increased by:			
Escrow Trust Receipts received in Current Fund	B-7	\$ 3,438	
Recreation Receipts received in Current Fund	B-9	5,236	
Municipal Open Space Levy Includes Added Omitted Taxes	B-11	27,506	
Trust Deposits Received in Current Fund	B-12	3,639	
St Johns Trust Deposits Received in Current Fund	B-13	311	
Tax Sale Premiums Received in Current Fund	B-14	22,400	
Third Party Tax Liens Received in Current Fund	B-15	<u>44,665</u>	<u>107,195</u>
			290,373
Decreased by:			
Escrow Trust paid by Current Fund	B-7	3,415	
Public Defender paid by Current Fund	B-8	10,805	
Recreation Receipts paid by Current Fund	B-9	5,236	
Open Space Expenditures paid by Current Fund	B-11	17,875	
Trust Expenditures Paid from Current Fund	B-12	3,201	
St Johns Trust Paid by Current Fund	B-13	311	
Tax Sale Premiums Paid in Current Fund	B-14	32,100	
Third Party Tax Liens Paid in Current Fund	B-15	<u>28,313</u>	<u>101,256</u>
Balance December 31, 2020	B		<u>\$ 189,117</u>
Due to Current Fund - Escrow Trust Interest Credits			\$ (9)
Due from Current Fund - Celebration Public Events Trust			-
Due to Current Fund - Public Defender			(20,338)
Due from Current Fund - Municipal Open Space			179,262
Due from Current Fund - Tax Sale Premiums			12,400
Due from Current Fund - Third Party Tax Liens			16,352
Due from Current Fund - Driveway Trust			<u>1,450</u>
			<u>\$ 189,117</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW TRUST FUND DEPOSITS

B-7

	<u>REF.</u>		
Balance December 31, 2019	B	\$	36,051
Increased by:			
Escrow Deposits - Received in Current Fund	B-6	\$	3,438
Escrow Deposits	B-2	3,193	<u>6,631</u>
			42,682
Decreased by:			
Escrow Deposits Refunded	B-2	3,425	
Escrow Deposits Refunded from Current Fund	B-6	<u>3,415</u>	<u>6,840</u>
Balance December 31, 2020	B	\$	<u>35,842</u>

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

B-8

	<u>REF.</u>	
Balance December 31, 2019	B	\$ (9,100)
Increased by:		
Public Defender Receipts	B-2	<u>1,105</u> (7,995)
Decreased by:		
Public Defender Payments in Current Fund	B-6	<u>10,805</u>
Balance December 31, 2020	B	<u>(18,800)</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION TRUST FUND

B-9

	<u>REF.</u>		
Balance December 31, 2019	B	\$	25,482
Increased by:			
Escrow Deposits	B-2	\$	5,060
Escrow Deposits-Received in Current Fund	B-6	<u>5,236</u>	<u>10,296</u>
			35,778
Decreased by:			
Recreation Expenses	B-2	5,236	
Recreation Expenses-Paid in Current Fund	B-6	<u>5,236</u>	<u>10,472</u>
Balance December 31, 2020	B	\$	<u>25,306</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-10

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 1,450
Balance December 31, 2020	B	\$ <u>1,450</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE

B-11

	<u>REF.</u>					
Balance December 31, 2019	B	\$ 169,631				
Increased by:						
2020 Levy	B-6	\$ 27,489				
2020 Added/Omitted Taxes	B-6	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">17</td> <td style="text-align: right; border-bottom: 1px solid black;">27,506</td> </tr> <tr> <td></td> <td style="text-align: right;">197,137</td> </tr> </table>	17	27,506		197,137
17	27,506					
	197,137					
Decreased by:						
Appraisal, Title and Survey Fees	B-6	3,875				
Land Conservancy of New Jersey	B-6	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">14,000</td> <td style="text-align: right; border-bottom: 1px solid black;">17,875</td> </tr> </table>	14,000	17,875		
14,000	17,875					
Balance December 31, 2020	B	<u>\$ 179,262</u>				

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

B-12

	<u>REF.</u>		
Balance December 31, 2019	B	\$	724
Increased by:			
Trust Deposits	B-2	\$	8,577
Trust Deposits Received in Current Fund	B-6	<u>3,639</u>	<u>12,216</u>
			12,940
Decreased by:			
Trust Expenditures	B-2	3,639	
Trust Expenditures Paid from Current Fund	B-6	<u>3,201</u>	<u>6,840</u>
Balance December 31, 2020	B	\$	<u>6,100</u>

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

B-13

	<u>REF.</u>		
Balance December 31, 2019	B	\$	3,973
Increased by:			
Trust Deposits	B-2	\$	20
Trust Deposits Received in Current Fund	B-6	311	331
		<u> </u>	<u>4,304</u>
Decreased by:			
Trust Expenditures	B-2	311	
Trust Expenditures Paid by Current Fund	B-6	<u>311</u>	<u>622</u>
Balance December 31, 2020	B	\$	<u>3,682</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-14

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 22,100
Increased by:		
Trust Deposits Received in Current Fund	B-6	<u>22,400</u> 44,500
Decreased by:		
Premiums Returned - Current Fund	B-6	<u>32,100</u>
Balance December 31, 2020	B	<u>\$ 12,400</u>

TRUST FUND
SCHEDULE OF RESERVE FOR THIRD PARTY TAX LIENS

B-15

	<u>REF.</u>	
Increased by:		
Trust Deposits Received in Current Fund	B-6	\$ 44,665
		<u>44,665</u>
Decreased by:		
Premiums Returned - Current Fund	B-6	<u>28,313</u>
Balance December 31, 2020	B	<u>\$ 16,352</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH

C-2

	<u>REF.</u>		
Balance December 31, 2019	C	\$	147,308
Increased by:			
Budgeted Deposit	C-4	\$ 125,000	
Interest Credits	C-3	<u>842</u>	<u>125,842</u>
			273,150
Decreased by:			
Interfund Returned	C-3		<u>212,181</u>
Balance December 31, 2020	C	\$	<u>60,969</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>	
Balance December 31, 2019	C	\$ (133)
Increased by:		
Interfunds Returned from Current Fund	C-2	<u>212,181</u> 212,048
Decreased by:		
Interest Credits	C-2	\$ 842
Improvement Authorizations Paid From Current Fund	C-5	<u>211,263</u> <u>212,105</u>
Balance December 31, 2020	C	<u>\$ (57)</u>

GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

C-4

	<u>REF.</u>						
Balance December 31, 2019	C	\$	91,186				
Increased by:							
Budgeted Deposit	C-2	\$	125,000				
Improvement Authorizations Canceled	C-5		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">16,169</td> <td style="text-align: right; border-bottom: 1px solid black;">141,169</td> </tr> <tr> <td></td> <td style="text-align: right;">232,355</td> </tr> </table>	16,169	141,169		232,355
16,169	141,169						
	232,355						
Decreased by:							
Appropriated to Finance Improvement Authorizations	C-5		215,216				
Balance December 31, 2020	C	\$	17,139				

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-5

<u>IMPROVEMENT DESCRIPTION</u>	<u>NUMBER</u>	<u>ORDINANCE DATE</u>	<u>AMOUNT</u>	<u>BALANCE 12/31/19</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>PAID OR CHARGED</u>	<u>CANCELED</u>	<u>BALANCE 12/31/20</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Catch Basins	15-09	12/9/15	\$ 50,000	\$ 16,217			\$ 1,866		\$ 14,351	
Road Repairs	19-08	11/13/19	10,350	10,350			10,350	-	-	
DPW Blower F/D	20-02	2/26/20	6,000			\$ 6,000	5,116	\$ 884	-	
DPW Truck Body F/D	20-03	2/26/20	16,000			16,000	15,515	485	-	
Fire Truck	20-04	6/10/20	180,000			180,000	165,200	14,800	-	
Water Treatment System	20-05	6/10/20	13,216			13,216	13,216		-	
				\$ 26,567	-	\$ 215,216	\$ 211,263	\$ 16,169	\$ 14,351	-
REF.				C	C	C-4	C-3	C-4	C	C

GENERAL CAPITAL FUND
STATEMENT OF AMOUNTS DUE GRANTS FUND

C-6

	<u>REF.</u>	
Balance December 31, 2019	C	<u>\$ 28,346</u>
Balance December 31, 2020	C	<u>\$ 28,346</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2020

F-1

	<u>BALANCE</u> <u>12/31/19</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/20</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>1,360,406</u>	<u>\$ 185,831</u>	<u> -</u>	<u>1,546,237</u>
 Total General Fixed Assets	 <u>\$ 3,126,555</u>	 <u>\$ 185,831</u>	 <u> </u>	 <u>\$ 3,312,386</u>
 Investment In General Fixed Assets	 <u>\$ 3,126,555</u>	 <u>\$ 185,831</u>	 <u> </u>	 <u>\$ 3,312,386</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.

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 6, 2020, 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 6, 2020, 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, 2020, include only real property items on the 2020, 2019, 2018 and 2017 tax levies.

The last tax sale was held on January 31, 2020 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>
2020	5
2019	5
2018	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, 2020. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

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

Type of Receivable - Real Property Tax Date of Circulars - November 15, 2020				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2020 Property Tax	Positive	1,218	60	15
2021 Property Tax	Positive	1,218	60	15
2020 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 2020 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 2020</u>	<u>%</u>	<u>YEAR 2019</u>	<u>%</u>
Fund Balance Utilized	\$ 256,742	3.48%	\$ 166,683	2.32%
Miscellaneous - From Other Than				
Local Property Tax Levies	500,106	6.77%	465,478	6.49%
Collection of Delinquent Taxes and				
Tax Title Liens	43,403	0.59%	40,026	0.56%
Collection of Current Tax Levy	6,568,792	88.94%	6,416,470	89.50%
Other Credits to Income	<u>16,961</u>	<u>0.23%</u>	<u>80,510</u>	<u>1.12%</u>
Total Income	<u>7,386,004</u>	<u>100.00%</u>	<u>7,169,167</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	1,408,845	19.55%	1,288,586	18.69%
County Taxes	1,714,701	23.79%	1,692,438	24.54%
Local Taxes	4,060,247	56.34%	3,915,041	56.77%
Interfund Advances	<u>23,083</u>	<u>0.32%</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures	<u>\$ 7,206,876</u>	<u>100.00%</u>	<u>\$ 6,896,065</u>	<u>100.00%</u>

Excess in Revenue	179,128		273,102	
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Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>22,500</u>	

Statutory Excess To Fund Balance	179,128		295,602	
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Fund Balance January 1	869,331		740,412	
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Less:

Utilization as Anticipated Revenue	<u>256,742</u>		<u>166,683</u>	
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Fund Balance December 31	<u>\$ 791,717</u>		<u>\$ 869,331</u>	
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Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$3.013</u>	<u>\$2.932</u>	<u>\$2.858</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.374	\$0.374	\$0.379
Municipal Open Space	\$0.012	\$0.010	\$0.025
County	\$0.780	\$0.769	\$0.737
Local School	\$1.847	\$1.779	\$1.717

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2020	\$219,905,569
2019	\$220,154,279
2018	\$221,902,651

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>
2020	\$ 6,630,168	\$6,568,792	99.07%
2019	\$ 6,457,866	\$6,416,470	99.35%
2018	\$ 6,350,266	\$6,265,241	98.66%

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>
2020	\$ 103,302	\$ 51,519	\$ 154,821	2.34%
2019	\$ 102,078	\$ 43,743	\$ 145,821	2.26%
2018	\$ 100,888	\$ 45,537	\$ 146,425	2.31%

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>
2020	\$858,700
2019	\$858,700
2018	\$858,700

Comparitive Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year Regular</u>
2020	\$ 791,717	\$ 266,242
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>
2020	\$95,633	\$17,377

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, 2020 and 2019, 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 May 15, 2021, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

-Continued-

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

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

Compliance and Other Matters

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

Purpose of this Report

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

ARDITO & COMPANY LLC



Frenchtown, New Jersey
May 15, 2021



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & COMPANY LLC
Frenchtown, New Jersey
May 15, 2021

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

K-3

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>CFDA</u>	<u>STATE</u> <u>ACCOUNT OR AWARD</u>	<u>PROGRAM</u> <u>AMOUNT</u>	<u>PERIOD</u>	<u>REF.</u>	<u>CASH</u>			<u>CASH</u>							
						<u>AT 1/1/20</u>	<u>RECEIPTS</u> <u>PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>AT 12/31/20</u>	<u>TOTAL</u> <u>DISBURSEMENTS</u>					
<u>US DEPT. OF TRANSPORTATION</u>																
(Passed Through NJ Department of Transportation)																
NJ Transportation Fund Authority Act:																
Cemetery Road	20.600	N/A	60,000	2019	A	\$	36,640	\$	21,782		\$	58,422	-	\$	60,000	
Hope Center Overlay	20.600	N/A	107,000	2020	A		-		67,106			78,000	\$	(10,894)	78,000	
						\$	36,640	\$	88,888	\$	-	\$	136,422	\$	(10,894)	138,000

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, 2020**

<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 1/1/20</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH (ACCRUED) OR DEFERRED REVENUE BALANCE AT 12/31/20</u>
<u>DEPT. OF COMMUNITY AFFAIRS</u>									
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	\$ 2,100	2020	A		\$ 1,432			\$ 1,432
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,042	2019	A	\$ 3,062				3,062
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,342	2018	A	1,755				1,755
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A	3,484	2017	A	3,484				3,484
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A		2016	A	360		\$ 360		-
Municipal Alliance Program									
N.J.S.40A:11-5(a)	N/A		2015	A	8,765		1,266		7,499
<u>DEPT. OF ENVIR. PROTECTION</u>									
Solid Waste Admin.-	4900-765-178900								
Clean Communities Program		6,847	2020	A		6,847			6,847
Clean Communities Program		7,594	2019	A	4,396		1,616		2,780
<u>DEPT. OF PUBLIC SAFETY</u>									
Drunk Driving Enforcement Fund	4250-760-050000-63	2,000	2020	A		2,000			2,000
Drunk Driving Enforcement Fund	4250-760-050000-63	804	2019	A	804				804
Drunk Driving Enforcement Fund	4250-760-050000-63		Prior Years	A	2,466				2,466
<u>OTHER LOCAL AIDS</u>									
Recycling Grant	N/A	909	2020	A		909		458	451
Recycling Grant	N/A	613	2019	A	113		113		-
Generator Grant	N/A	12,500	2017	A	(12,500)	11,952			(548)
TOTAL STATE ASSISTANCE					\$ 12,705	\$ 23,140	\$ -	\$ 3,813	\$ 32,032

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, 2020

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 2020 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, 2020

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 2020 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