

**TOWNSHIP OF LEBANON
COUNTY OF HUNTERDON
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2020**

TOWNSHIP OF LEBANON

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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 Lebanon
530 West Hill Road
Glen Gardner, New Jersey 08826

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 Lebanon, County of Hunterdon, 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 15 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.

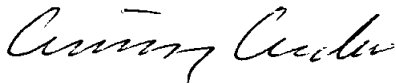
Other Reporting Required by Government Auditing Standards

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	\$ 2,952,368	\$ 2,939,847
Due From State of New Jersey - Veterans and Sr. Citizens Deductions	A-18	<u>-</u>	<u>3,682</u>
Subtotal		<u>2,952,368</u>	<u>2,943,529</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	244,400	275,178
Tax Title Liens Receivable	A-7	208,628	176,390
Property Acquired for Taxes - Assessed Valuation	A-9	94,200	94,200
Due to Municipal Open Space Trust Fund	A-17	48,906	-
Due from Animal Control Fund	B	598	430
Due from Other Trust Fund	B	<u>-</u>	<u>13,000</u>
Subtotal		<u>596,732</u>	<u>559,198</u>
Deferred Charges:			
Special Emergencies	A-25	<u>80,000</u>	<u>100,000</u>
Subtotal		<u>80,000</u>	<u>100,000</u>
Subtotal - Current Fund		<u>3,629,100</u>	<u>3,602,727</u>
Federal and State Grant Fund:			
Cash	A-4	3,810	9,781
Due From Current Fund	A	53,675	5,312
State Grants Receivable	A-19	<u>607,238</u>	<u>695,483</u>
Subtotal		<u>664,723</u>	<u>710,576</u>
TOTAL ASSETS		<u>\$ 4,293,823</u>	<u>\$ 4,313,303</u>

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

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

LIABILITIES, RESERVES AND FUND BALANCE	<u>REF.</u>	<u>BALANCE</u> <u>12/31/20</u>	<u>BALANCE</u> <u>12/31/19</u>
Liabilities:			
Reserve for Encumbrances	A-10	\$ 86,224	\$ 61,950
Appropriation Reserves	A-3:11	249,402	272,234
Amount Due to Grants Fund	A	53,675	5,312
Amount Due To Other Trust Funds	B	86,912	6,912
Amount Due To General Capital Fund	C	39,292	-
Taxes Collected In Advance	A-12	212,191	175,924
Reserve for Codification of Ordinances	A-13	5,625	5,625
Amount Due County For Added Taxes	A-14	374	8,541
Local District School Tax Payable	A-15	650,507	547,237
Regional High School Taxes Payable	A-16	875,945	930,237
Due to Municipal Open Space Trust Fund	A-17	-	217
Due From State of New Jersey - Veterans and Sr. Citizens Deductions	A-18	4,590	-
Reserve for FEMA	A-23	131,171	131,171
Due State of New Jersey - Marriage Fees	A-24	233	339
Subtotal		2,396,141	2,145,699
Reserve For Receivables And Other Assets	A	596,732	559,198
Fund Balance	A-1	636,227	897,830
Subtotal - Current Fund		3,629,100	3,602,727
Federal and State Grant Fund:			
Appropriated Reserves	A-20	663,237	696,959
Unappropriated Reserves	A-21	1,486	13,617
Subtotal		664,723	710,576
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 4,293,823	\$ 4,313,303

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

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

	<u>REF.</u>	<u>YEAR</u> <u>2020</u>	<u>YEAR</u> <u>2019</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 750,000	\$ 650,000
Miscellaneous Revenue Anticipated	A-2	3,221,238	3,298,878
Receipts From Delinquent Taxes	A-2	269,723	359,314
Receipts from Current Taxes	A-2	21,959,814	21,811,181
Non-Budget Revenues	A-2	149,454	143,705
<u>Other Credits To Income:</u>			
Refund of Prior Year Expenditures	A-4	-	68,844
Unexpended Balance Of Appropriation Reserves	A-11	<u>245,870</u>	<u>47,236</u>
Total Income		<u>26,596,099</u>	<u>26,379,158</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	2,540,809	2,416,331
Other Expenses	A-3	1,712,339	1,838,777
Deferred Charges and Statutory Expenditures	A-3	593,618	588,180
Capital Improvements	A-3	850,000	685,000
Municipal Debt Service	A-3	805,096	884,744
County Taxes	A-14	3,498,130	3,451,149
Amount Due County For Added and Omitted Taxes	A-14	374	10,022
Local District School Taxes	A-15	10,533,540	10,327,000
Regional High School Taxes	A-16	5,426,794	5,535,378
Municipal Open Space	A-6	93,455	75,050
Refund of Prior Year Revenues	A-4	17,641	
Interfund Advances	B	<u>35,906</u>	<u>(2,233)</u>
Total Expenditures		<u>26,107,702</u>	<u>25,809,398</u>
Excess in Revenues		488,397	569,760
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	<u>-</u>	<u>100,000</u>
Statutory Excess to Fund Balance		488,397	669,760
Fund Balance January 1	A	<u>897,830</u>	<u>878,070</u>
		1,386,227	1,547,830
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>750,000</u>	<u>650,000</u>
Fund Balance December 31	A	<u>\$ 636,227</u>	<u>\$ 897,830</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

		<u>ANTICIPATED</u>		
	<u>REF.</u>	<u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
Fund Balance Anticipated	A-2	\$ 750,000	\$ 750,000	
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	A-8	15,000	15,000	-
Fines and Costs:				
Municipal Court	A-8	22,000	24,230	\$ 2,230
Interest and Costs On Taxes	A-5	65,639	68,974	3,335
Interest on Investments	A-8	3,400	13,488	10,088
Total Local Revenues		<u>106,039</u>	<u>121,692</u>	<u>15,653</u>
State Aid:				
Energy Receipts Tax	A-8	2,627,013	2,627,013	
Garden State Trust Fund	A-8	23,770	15,409	(8,361)
Total State Aid		<u>2,650,783</u>	<u>2,642,422</u>	<u>(8,361)</u>
Special Items Of Revenue Anticipated With Prior Written Consent of Local Government Services-				
Public and Private Revenues:				
Clean Communities Grant	A-20	27,876	27,876	
Recycling Tonnage Grant	A-20	4,886	4,886	
Body Armor Grant	A-20	1,423	1,423	
Drunk Driving Enforcement Grant	A-20	3,353	3,353	
NJDEP Backhoe Grant	A-20	31,190	31,190	
NJDOT Grant - Hollow Road	A-20	150,000	150,000	
Total Special Items Of Revenues		<u>218,728</u>	<u>218,728</u>	
OTHER SPECIAL ITEMS:				
Shared Services Agreements	A-8	270,000	238,396	(31,604)
Total Other Special Items		<u>270,000</u>	<u>238,396</u>	<u>(31,604)</u>
Total Miscellaneous Revenue	A-2	<u>3,245,550</u>	<u>3,221,238</u>	<u>(24,312)</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

		<u>ANTICIPATED</u>		EXCESS OR
	<u>REF.</u>	<u>BUDGET</u>	<u>REALIZED</u>	<u>DEFICIT</u>
Receipts From Delinquent Taxes	A-2	260,000	269,723	9,723
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax For Municipal Purposes	A-2	2,696,362	2,856,317	159,955
Total General Revenues		6,951,912	7,097,278	145,366
Other Non-Budget Revenues	A-2		149,454	149,454
		\$ 6,951,912	\$ 7,246,732	\$ 294,820

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

ANALYSIS OF REALIZED REVENUES

REF.

Allocation Of Current Tax Collections:		
Revenue from Collections	A-6	\$ 21,930,836
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>28,978</u>
	A-1	21,959,814
Allocated To:		
School and County Taxes	A-6	<u>19,552,293</u>
Balance for Support Of Municipal Budget Appropriations		2,407,521
Add by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>448,796</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 2,856,317</u>

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:

Permits	\$	7,670	
Certified Lists		140	
Copies/Maps		575	
Planning Board		1,140	
Zoning Board		7,260	
Board of Health		5,750	
Retail Food		4,750	
Cable TV		18,844	
Insurance Refunds		500	
Newsletters		3,188	
Cell Tower		52,504	
Health Deductions		33,069	
Miscellaneous		<u>4,031</u>	
	A-4		<u>\$ 139,421</u>

Collector:

Miscellaneous		1,153	
Trailer Court Fees	A-5	<u>8,880</u>	<u>10,033</u>
			<u>\$ 149,454</u>

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>BALANCES</u> <u>CANCELED</u>
GENERAL GOVERNMENT FUNCTIONS:					
Mayor and Council:					
Salaries and Wages	\$ 16,000	\$ 16,000	\$ 16,000	-	-
Other Expenses	68,750	64,620	62,050	\$ 2,570	
Municipal Clerk:					
Salaries and Wages	150,492	192,992	192,992	-	
Other Expenses:					
Elections	5,250	5,250	2,711	2,539	
Miscellaneous Other Expenses	43,580	38,580	31,724	6,856	
Financial Administration (Treasury):					
Salaries and Wages	43,473	49,473	49,473	-	
Other Expenses	11,000	13,100	13,090	10	
Audit Services:					
Other Expenses	28,961	30,725	30,725		
Revenue Administration (Tax Collection):					
Salaries and Wages	34,037	38,237	38,237	-	
Other Expenses	12,150	13,850	13,833	17	
Tax Assessment Administration:					
Salaries and Wages	28,560	28,560	28,560	-	
Other Expenses (Special Emergency N.J.S. 40A:4-53 \$100,000)	41,600	29,600	17,241	12,359	
Legal Services (Legal Dept.):					
Other Expenses	100,000	50,000	33,472	16,528	
Engineering Services:					
Other Expenses	12,000	12,000	11,425	575	
Historical Sites Office:					
Other Expenses	2,275	2,275	192	2,083	
Aid to New Hampton Historic Museum:					
Salaries and Wages	24,000	27,000	26,424	576	
Other Expenses	6,500	6,500	2,648	3,852	

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>UNEXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>BALANCES</u> <u>CANCELED</u>
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	28,655	40,905	40,905	-	
Other Expenses	10,300	9,300	8,595	705	
Zoning Costs:					
Salaries and Wages	28,655	40,906	40,902	4	
Other Expenses	11,175	8,175	5,003	3,172	
Zoning Board of Adjustment(Zoning Officer):					
Salaries and Wages	25,000	29,400	29,391	9	
Other Expenses	9,200	1,700	-	1,700	
UNIFORM CONSTRUCTION CODE ENFORCEMENT:					
Other Expenses	100	100	-	100	
INSURANCE:					
Liability Insurance	707	280	280		
Other Insurance Premiums	128,662	128,698	128,698		
Workmens' Compensation	77,453	77,453	77,453		
Employee Group Health	400,000	345,000	288,620	56,380	
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	1,327,555	1,367,555	1,349,229	18,326	
Other Expenses	86,160	86,160	83,515	2,645	
Office of Emergency Management:					
Salaries and Wages	5,345	5,345	5,345	-	
Other Expenses	2,500	2,500	1,261	1,239	
Aid to Volunteer Fire Companies in Adjoining Mun.	95,000	95,000	95,000	-	
Contribution to First Aid Organizations:					
Other Expenses					
Fire Department/Uniform Fire Safety Code:					
Salaries and Wages	10,000	10,000	6,978	3,022	
Other Expenses:					
Fire Hydrant Services	2,075	2,075	465	1,610	
Miscellaneous Other Expenses	3,575	3,075	1,345	1,730	

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>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>
			<u>RESERVED</u>
			<u>BALANCES</u> <u>CANCELED</u>
PUBLIC WORKS FUNCTIONS:			
Streets and Road Maintenance:			
Salaries and Wages	573,105	678,105	678,105
Other Expenses:			
Snow Removal	95,000	95,000	55,668
Miscellaneous Other Expenses	212,000	212,000	172,315
Solid Waste Collection(Recycling Program):			
Salaries and Wages	5,466	11,266	9,438
Other Expenses	5,400	5,400	5,400
Buildings and Grounds:			
Other Expenses	61,500	61,500	61,484
HEALTH AND HUMAN SERVICES FUNCTIONS:			
Public Health Services(Board Of Health):			
Other Expenses	5,000	6,900	6,900
Environmental Health Services:			
Other Expenses	1,000	1,000	18
Animal Control Services:			
Salaries and Wages	4,965	5,065	5,021
Other Expenses	2,760	1,760	-
Contribution to Social Services Agencies:			
Other Expenses	500	500	-
PARK AND RECREATION FUNCTIONS:			
Recreation Services and Programs:			
Other Expenses:			
Senior Citizens	4,500	4,500	-
Miscellaneous Other Expenses	6,500	6,500	2,884
Maintenance of Parks:			
Other Expenses	2,500	-	-
EDUCATION FUNCTIONS (Includes Library):			
Municipal/County Library:			
Other Expenses	60,000	77,000	75,212

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>UNEXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>BALANCES</u> <u>CANCELED</u>
OTHER COMMON OPERATING FUNCTIONS					
(Unclassified):					
Accumulated Leave Compensation	5,000	-	-	-	
Provision for Salary Adjustment	85,000	-	-	-	
Underground Storage Tank Remediation	2,500	2,500	1,677	823	
MUNICIPAL COURT:					
Other Expenses	40,204	40,204	40,204	-	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	60,000	40,000	36,466	3,534	
Street Lighting	5,000	5,000	3,730	1,270	
Telephone (excluding equipment acquisition)	12,000	12,031	12,031	-	
Gasoline	50,000	35,000	34,683	317	
Subtotal Operations within "CAPS"	4,180,645	4,173,620	3,935,018	238,602	
Contingent					
Total Operations Including Contingent	4,180,645	4,173,620	3,935,018	238,602	
Detail:					
Salaries and Wages	2,310,308	2,540,809	2,517,000	23,809	-
Other Expenses	1,870,337	1,632,811	1,418,018	214,793	
Deferred Charges and Statutory Expenditures within "CAPS"					
Statutory Expenditures :					
Social Security (O.A.S.I.)	180,411	190,411	190,411	-	
New Jersey Disability Fund	5,000	-	-	-	
Contribution to:					
PERS	118,327	120,352	120,352		
PFRS	262,855	262,855	262,855		
Total Deferred Charges and Statutory Expenditures within "CAPS"	566,593	573,618	573,618	-	
Total General Appropriations within "CAPS"	4,747,238	4,747,238	4,508,636	238,602	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCES CANCELED</u>
OPERATIONS EXCLUDED FROM "CAPS":					
Fire Department:					
LOSAP	10,800	10,800	-	10,800	
Total Other Operations Excluded from "CAPS"	10,800	10,800	-	10,800	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:					
Federal and State Grants:					
Clean Communities Program:					
Other Expenses	24,000	24,000	24,000		
Other Expenses - PY Unappropriated	3,876	3,876	3,876		
Drunk Driving Grant:					
Other Expenses	2,710	2,710	2,710		
NJ DEP Grant - Backhoe Grant	31,190	31,190	31,190		
Police Body Armor Grant	1,423	1,423	1,423		
Alcohol Education - PY	643	643	643		
Recycling Tonnage Grant	4,886	4,886	4,886		
Total Public and Private Programs Offset by Revenues Excluded from "CAPS"	68,728	68,728	68,728	-	
Total Operations Excluded from "CAPS"	79,528	79,528	68,728	10,800	
Detail:					
Other Expenses	79,528	79,528	68,728	10,800	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>APPROPRIATION</u>	<u>EXPENDED</u>		<u>UNEXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>BALANCES</u> <u>CANCELED</u>
Capital Improvements Excluded from "CAPS"					
Capital Improvement Fund	700,000	700,000	700,000	-	
NJDOT Grant - Hollow Road Guard Rails	150,000	150,000	150,000		
Total Capital Improvements Excluded from "CAPS"	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>	
Municipal Debt Service Excluded from "CAPS"					
Payment of Bond Anticipation and Capital Notes	766,350	766,350	766,350	-	-
Payment of Interest on Notes	40,000	40,000	38,746		\$ 1,254
Total Municipal Debt Service Excluded from "CAPS"	<u>806,350</u>	<u>806,350</u>	<u>805,096</u>	<u>-</u>	<u>1,254</u>
DEFERRED CHARGES-MUNICIPAL EXCL. "CAPS"					
Deferred Charges:					
Deferred Charges - Special 5-Year	20,000	20,000	20,000		
Total Deferred Charges Excluded from "CAPS"	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Total Gen. Appropriations Excluded from "CAPS"	<u>1,755,878</u>	<u>1,755,878</u>	<u>1,743,824</u>	<u>10,800</u>	<u>1,254</u>
Subtotal General Appropriations	<u>6,503,116</u>	<u>6,503,116</u>	<u>6,252,460</u>	<u>249,402</u>	<u>1,254</u>
Reserve For Uncollected Taxes	448,796	448,796	448,796		
TOTALS	<u>\$ 6,951,912</u>	<u>\$ 6,951,912</u>	<u>\$ 6,701,256</u>	<u>\$ 249,402</u>	<u>\$ 1,254</u>

REF.

A

A-1

	<u>REF.</u>			
Adopted Budget	A-2	\$ 6,951,912		
		<u>\$ 6,951,912</u>		
Reserve for State Grants	A-20	\$ 218,728		
Deferred Charges	A-25	20,000		
Encumbrances	A-10	6,013,732		
Reserve for Uncollected Taxes	A-2	448,796		
		<u>\$ 6,701,256</u>		

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

TRUST FUND
COMPARATIVE BALANCE SHEET

B

		<u>BALANCE</u>	<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/20</u>	<u>12/31/19</u>
ASSETS			
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 56,143	\$ 53,301
Total Dog License Fund		<u>56,143</u>	<u>53,301</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	2,421,622	2,110,796
Due from Current Fund	B-6	38,006	-
Total Other Trust Funds		<u>2,459,628</u>	<u>2,110,796</u>
TOTAL ASSETS		<u>\$ 2,515,771</u>	<u>\$ 2,164,097</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Dog License Fund:			
Due to Current Fund	B-5	\$ 598	\$ 430
Due State of New Jersey	B-4	-	1
Reserve for Dog Fund Expenditures	B-3	55,545	52,870
Total Dog License Fund		<u>56,143</u>	<u>53,301</u>
Other Trust Fund:			
Due to Current Fund	B-6	-	5,871
Schedule of Reserve for Museum Donations	B-7	78,768	13,018
Schedule of Reserve for Developers' Deposits	B-8	80,295	87,765
Schedule of Reserve for Driveway Bonds	B-9	2,661	2,654
Schedule of Reserve for Unemployment Compensation	B-10	100,407	100,348
Schedule of Reserve for Library Trust	B-11	5,941	5,640
Schedule of Reserve for Recreation Commission	B-12	15,106	15,064
Schedule of Reserve for Fair Share Housing (COAH)	B-13	151,719	171,195
Schedule of Reserve for Off-Track Improvements	B-14	59,119	58,948
Schedule of Reserve for Open Space Deposits	B-15	1,256,582	1,024,866
Schedule of Reserve for Emergency Snow Removal	B-16	46,530	46,400
Schedule of Reserve for Accumulated Absences	B-17	307,695	306,837
Schedule of Reserve for Developers' Trust Escrow Deposits	B-18	114,805	104,409
Schedule of Reserve for Tax Sale Premiums	B-19	225,016	149,666
Schedule of Reserve for Environmental Trust Deposits	B-20	3,491	3,671
Schedule of Reserve for Off-Duty Police	B-21	9,596	12,200
Schedule of Reserve for Memorial Park	B-22	1,897	2,244
Total Other Trust Fund		<u>2,459,628</u>	<u>2,110,796</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,515,771</u>	<u>\$ 2,164,097</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

		<u>BALANCE</u>		<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/20</u>		<u>12/31/19</u>
ASSETS				
Cash and Cash Equivalents	C-2	\$ 1,091,798	\$	1,092,363
Deferred Charges to Future Taxation:				
Funded	C-3	125,038		199,526
Unfunded	C-4	1,658,872		2,425,218
Amount Due Current Fund	C-5	<u>39,292</u>		<u>-</u>
TOTAL ASSETS		<u>\$ 2,915,000</u>		<u>\$ 3,717,107</u>

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	C-6	\$ 245,165	\$	377,432
State of New Jersey Trust Loan Program	C-7	125,038		199,526
Bond Anticipation Notes	C-8	1,435,138		2,201,484
Reserve for:				
Fire Truck and Ambulance	C-9	17,233		17,233
Fund Balance	C-1	57,310		55,253
Improvement Authorizations:				
Funded	C-10	735,008		625,165
Unfunded	C-10	179,465		241,014
Encumbrances	C-11	<u>120,643</u>		<u>-</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,915,000</u>		<u>\$ 3,717,107</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	\$ 55,253
Increased by:		
Bond Anticipation Note Premium	C-2	<u>2,057</u>
Balance December 31, 2020	C	<u>\$ 57,310</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

	BALANCE <u>12/31/20</u>	BALANCE <u>12/31/19</u>
General Fixed Assets:		
Land	\$ 3,510,219	\$ 3,510,219
Buildings	4,787,073	4,787,073
Machinery and Equipment	<u>9,811,847</u>	<u>9,343,047</u>
Total General Fixed Assets	<u>\$ 18,109,139</u>	<u>\$ 17,640,339</u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

	BALANCE <u>12/31/20</u>	BALANCE <u>12/31/19</u>
<u>ASSETS</u>		
Cash and Cash Equivalents:		
Cash - Treasurer	\$ 164,302	\$ 130,799
TOTAL ASSETS	<u>164,302</u>	<u>130,799</u>
<u>LIABILITIES AND RESERVES</u>		
Payroll Deductions Payable	-	-
Imprest Balances	<u>164,302</u>	<u>130,799</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 164,302</u>	<u>\$ 130,799</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 Lebanon 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 seven fund types and two 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 Lebanon 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 Lebanon 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.

General Fixed Assets Account Group

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, April 15, August 15 and November 15. The Open Space Levy is paid quarterly to the Township's other trust funds on February 15, April 15, August 15 and November 15.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.
- 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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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)

Deposits:

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

	Cash and Cash Equivalents	Total
Checking	\$ <u>6,690,043</u>	\$ <u>6,690,043</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2020, was \$6,690,043 and the bank balance was \$7,705,305. 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, \$364,805 was covered by federal depository insurances and \$7,340,500 was covered by collateral pool.

Note 3: LONG-TERM DEBT

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

The Township debt is summarized as follows:

	Beginning Balance	Issued	Paid	Ending Balance
Long Term Obligations:				
Bond Anticipation Notes	\$ 2,201,484	-	\$ 766,346	\$ 1,435,138
State Of New Jersey Loan Programs	199,526		74,488	125,038
Total Long-Term Obligations	<u>\$ 2,401,010</u>	<u>-</u>	<u>\$ 840,834</u>	<u>\$ 1,560,176</u>

Summary of Municipal Debt

	YEAR <u>2020</u>	YEAR <u>2019</u>	YEAR <u>2018</u>
Issued			
General:			
Bonds and Notes	\$ 1,560,176	\$ 2,401,010	\$ 3,274,541
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt Issued	<u>1,560,176</u>	<u>2,401,010</u>	<u>3,274,541</u>
Authorized But Not Issued	<u>223,734</u>	<u>223,734</u>	<u>223,734</u>
Total Authoirzed But Not Issued	<u>223,734</u>	<u>223,734</u>	<u>223,734</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 1,783,910</u>	<u>\$ 2,624,744</u>	<u>\$ 3,498,275</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 0.194%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 903,631	\$ 903,631	
General Debt	<u>1,783,910</u>	<u>-</u>	\$ 1,783,910
	<u>\$ 2,687,541</u>	<u>903,631</u>	<u>\$ 1,783,910</u>

Net Debt \$ 1,783,910	Divided by Equalized Valuation Basis per	
N.J.S.A. 40A:2-2 as amended,	\$ 927,390,917	= 0.192%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 32,458,682
Net Debt	<u>1,783,910</u>
Remaining Borrowing Power	<u>\$ 30,674,772</u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 33,976	2,587
2022	46,080	1,962
2023	35,949	1,236
2024	<u>9,033</u>	<u>361</u>
	<u>\$ 125,038</u>	<u>\$ 6,146</u>

General Obligation Loans

General Obligation Loan-Acquisition of Land-dated January 1, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$6,823.39 to \$26,294.22 through August 1, 2023. This loan is an interest free loan. The remaining balance as of December 31, 2020, was \$61,667.42. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3: LONG-TERM DEBT - (Continued)

General Obligation Loans - (Continued)

General Obligation Loan-Acquisition of Land-dated January 1, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$3,985 to \$15,356 through August 1, 2023. Interest is calculated at 3.0% - 5.00% and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2020, was \$36,749.00. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

General Obligation Loan-Acquisition of Land-dated October 13, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$8,282 to \$18,836 through August 1, 2024. This loan is an interest free loan. The remaining balance as of December 31, 2020, was zero. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

General Obligation Loan-Acquisition of Land-dated October 13, 2004 with the State of New Jersey, Department of Environmental Protection, New Jersey Environmental Infrastructure Trust Financing Program. This loan is payable in semi-annual installments ranging from \$219 to \$11,181 through August 1, 2024. Interest is calculated at 3.0% - 5.00% and is included in the semi-annual installments. This method of calculating interest is not in conformance with New Jersey Statutes. The Township has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2020, was \$26,621.59. Outstanding loan principal and interest is paid from the Open Space Trust Fund of the Township.

Bond Anticipation Notes

The Township has outstanding at December 31, 2020, a bond anticipation note in the amount of \$1,435,138 payable to Oppenheimer & Co., Inc.. This note matures on July 23, 2021. The interest rate on the note was 1.25%. Principal and interest on these notes are paid from the current fund budget of the Township.

	Debt <u>Outstanding</u>
Total General Capital Loans-Above	\$ <u>1,560,176</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 4: GENERAL FIXED ASSETS

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

	<u>Balance</u> <u>End of Year</u>	<u>Balance</u> <u>Beginning</u> <u>of Year</u>
Land	\$ 3,510,219	\$ 3,510,219
Buildings	4,787,073	4,787,073
Equipment	<u>9,811,847</u>	<u>9,343,047</u>
	<u>\$ 18,109,139</u>	<u>\$ 17,640,339</u>

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 - \$550,000 *

*Approved (Introduced) Budget

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the Township had \$100,000 in charges that are required to be liquidated in subsequent budgets. This amount resulted from special emergency costs authorized by New Jersey statute N.J.S. 40A:4-53 for revaluation of property values. The \$100,000 in authorized costs will be raised in subsequent budgets over five (5) years. \$20,000 was raised in the 2020 budget.

Note 7: SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Lebanon had elected in 1975 to raise local district school taxes on a calendar year basis.

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>	REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/20</u>	BALANCE <u>12/31/19</u>
Balance of Tax		\$ 650,507	\$ 547,237		\$ 875,945	\$ 930,237
Deferred		<u>4,616,263</u>	<u>4,616,263</u>		<u>1,837,452</u>	<u>1,837,452</u>
Tax Payable		<u>\$ 5,266,770</u>	<u>\$ 5,163,500</u>		<u>\$ 2,713,397</u>	<u>\$ 2,767,689</u>
Tax Deferred	<u>\$ 6,453,715</u>			<u>\$ 6,453,715</u>		

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS

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

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

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS - (Continued)

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

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

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

At June 30, 2020, the municipality disclosed a liability of \$2,094,908 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, 2019, the municipality's proportion was 0.00116% which was a decrease of 0.00036% from its proportion measured as of June 30, 2018.

For the State fiscal year ended June 30, 2019, the municipality's portion of the plan's pension expense was \$36,092. At June 30, 2019, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,601	\$ 9,254
Changes of assumptions	209,184	727,136
Net difference between projected and actual earnings on pension plan investments	-	33,069
Changes in proportion and differences between municipality contributions and proportionate share of contributions	21,791	299,924
Total	<u>\$ 268,576</u>	<u>\$ 1,069,383</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

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

	<u>Year Ended June 30:</u>	
2020	\$92,677	
2021	300,655	
2022	268,471	
2023	126,063	
2024	<u>12,941</u>	
Total	<u>\$800,807</u>	
	<u>6/30/2018</u>	<u>6/30/2019</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	\$2,361,152	\$2,094,908
municipality's proportion %	0.01199193%	0.01162644%

Actuarial assumptions - The collective total pension liability for the June 30, 2019 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
Thereafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
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. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Buyouts/venture capital	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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

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</u> <u>(5.28%)</u>	<u>Current Discount</u> <u>Rate (6.28%)</u>	<u>1% Increase</u> <u>(7.28%)</u>
municipality's proportionate share of the net pension liability	\$ 2,646,288	\$2,094,908	\$ 1,630,257

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

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of January 1, 1944, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Police and Fireman's 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 district, 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. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Contribution Requirements - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2019 the State contributed an amount less than the actuarially determined amount.

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

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 \$3,044,072 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, 2019, the municipality's proportion was 0.02487% which was an increase of 0.00284% from its proportion measured as of June 30, 2018.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

For the State fiscal year ended June 30, 2019, the municipality's portion of the plan's pension expense was \$261,436. At June 30, 2019, deferred outflows of resources and deferred inflows of resources for PFRS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,696	\$ 19,273
Changes of assumptions	104,307	983,816
Net difference between projected and actual earnings on pension plan investments	-	41,246
Changes in proportion and differences between municipality contributions and proportionate share of contributions	386,713	352,294
Total	\$ 516,716	\$ 1,396,629

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

	<u>Year Ended June 30:</u>
2020	(\$153,580)
2021	(322,391)
2022	(228,320)
2023	(112,550)
2024	<u>(63,081)</u>
Total	<u>(\$879,922)</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources (Non-Special Funding Situations)	\$1,988,215,695	\$1,198,936,924
Collective deferred inflows of resources (Non-Special Funding Situations)	4,286,994,294	4,874,748,912
Collective net pension liability (Non-Special Funding Situations)	\$15,369,699,278	\$14,170,193,618
Municipality's proportionate share of net pension liability (Non-Special Funding Situations)	\$2,981,095	\$3,044,072
Municipality's proportion %	0.02203000%	0.02487000%

Actuarial assumptions - The total pension liability in the July 1, 2018 actuarial valuation, which was rolled forward to June 30, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75% (Price); 3.25% (Wage)
<u>Salary Increases:</u>	
Through all future years	3.25-15.25% based on years of service
Investment Rate of Return:	7.00%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 105.6% adjustment for males and 102.5% 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 96.7% adjustment for males and 96.0% 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 152.0% adjustment for males and 109.3% 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, 2013 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 PFRS'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%
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. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Discount rate - The discount rate used to measure the total pension liability was 6.85% 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, 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, 2020, calculated using the discount rate of 6.85%, 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 (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	<u>1% Decrease</u> <u>(5.85%)</u>	<u>Current Discount</u> <u>Rate (6.85%)</u>	<u>1% Increase</u> <u>(7.85%)</u>
municipality's proportionate share of the net pension liability	\$ 4,114,368	\$3,044,072	\$ 2,158,247

PFRS Special Funding Situation - Under N.J.S.A. 43:16A-15, the municipality is responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the municipality to the PFRS under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability and collective pension expense that is associated with the municipality is as follows:

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective net pension liability of the Nonemployer (State of New Jersey) - Special Funding Situation	\$1,838,050,687	\$1,932,374,825
State's portion of the net pension liability that was associated with the municipality - Special Funding Situation	\$404,933	\$480,665
State's portion of the net pension liability that was associated with the municipality as a percentage of the collective net pension liability - Special Funding Situation	0.022031%	0.024874%
Collective pension expense of the Nonemployer-(State of New Jersey) - Special Funding Situation	\$217,714,180	\$224,526,138
State's portion of the pension expense that was associated with the municipality - Special Funding Situation	\$47,964	\$55,849

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

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

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

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 $\frac{1}{4}$ 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).

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8: PENSION PLANS (Continued)

Three-Year Trend Information for PERS/PFRS

Year	Annual Pension Contribution (PERS)	Annual Pension Contribution (PFRS)
2020	\$120,352	\$262,855
2019	\$124,493	\$226,920
2018	\$124,600	\$220,438

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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 OPEB liability or related deferred outflows or inflows of resources on their balance sheets, or related OPEB expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net OPEB liability, related outflows and inflows of resources, and OPEB 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense as required by GASB No. 75, information about the fiduciary net position of the plan and additions to/deductions from plan fiduciary net position have been determined on the same basis as they are reported by the plan.

General Information About the OPEB Plan - The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, the total OPEB liabilities for the years ended June 30, 2019 and 2018 were \$6,338,578,586 and \$9,642,524,641, respectively, while for the nonspecial funding situation, the total OPEB liabilities were \$9,452,773,649 and \$11,720,375,604, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the municipality disclosed a liability of \$242,204 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 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 OPEB liability is based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. At June 30, 2019, the municipality's proportion was 0.00179% which was an increase of 0.00015% from its proportion measured as of June 30, 2018.

For the State fiscal year ended June 30, 2019, the municipality's portion of the plan's OPEB expense was (\$17,983). At June 30, 2019, deferred outflows of resources and deferred inflows of resources for OPEB relating to the municipality's proportionate share are from the following sources:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	-	\$ 70,830
Changes of assumptions	-	85,832
Net difference between projected and actual earnings on OPEB plan investments	\$ 200	-
Changes in proportion and differences between municipality contributions and proportionate share of contributions	2,481,940	2,949,740
Total	<u>\$ 2,482,140</u>	<u>\$ 3,106,402</u>

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

	<u>Year Ended June 30:</u>
2020	(\$101,674)
2021	(101,674)
2022	(101,736)
2023	(101,836)
2024	(101,929)
Thereafter	<u>(115,420)</u>
Total	<u>(\$624,269)</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources - Non Special Funding	\$1,943,490,463	\$2,410,248,763
Collective deferred inflows of resources - Non Special Funding	5,841,224,248	7,456,321,741
Collective net OPEB liability - Non Special Funding	\$9,452,773,141	\$8,020,352,361
Municipality's proportionate share of net OPEB liability	\$2,571,675	\$242,204
Municipality's proportion %	0.001640%	0.001790%

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

	<u>Non Special</u> <u>Funding Situation</u>
Collective Plan Members June 30, 2019	66,213
Collective Plan Members June 30, 2018	62,487
Municipality's Plan Members June 30, 2019	2
Municipality's Plan Members June 30, 2018	17

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued

Actuarial assumptions - The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of July 1, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2026	2.0%-6.0% based on age and plan enrolled in
Therafter	3.0%-7.0% based on age and plan enrolled in

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male /Female mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale.

Certain actuarial assumptions used in the July 1, 2018 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate - The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued

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

June 30, 2019			
	<u>1% Decrease</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$280,060	\$242,204	\$ 211,444
June 30, 2018			
	<u>1% Decrease</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$3,017,346	\$2,571,675	\$ 2,215,755

Sensitivity of the Municipality's proportionate share of the net OPEB liability to changes in the Health Care trend rate - The following presents the Municipality's proportionate share of the net OPEB liability measured as of June 30, 2019, calculated using the health care trend rate as disclosed above, as well as what the Municipality's proportionate share of the net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2019			
	<u>1% Decrease</u>	<u>Current Health Care Cost Tend Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$204,396	\$242,204	\$ 290,451
June 30, 2018			
	<u>1% Decrease</u>	<u>Current Health Care Cost Tend Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$2,145,291	\$2,571,675	\$ 3,123,556

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued

Special Funding Situation - Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

	Special Funding Situation
Collective Plan Members June 30, 2019	29,812
Municipality's Plan Members June 30, 2019	12

Total OPEB Liability

	June 30, 2018	June 30, 2019
Collective net OPEB liability of the State of New Jersey - Special Funding Situation	\$6,213,844,492	\$5,525,718,739
Net OPEB liability of the State of New Jersey Associated with the Municipality	\$2,624,107	\$2,224,212

Actuarial assumptions - The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of July 1, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2026	2.0%-6.0% based on age and plan enrolled in
Thereafter	3.0%-7.0% based on age and plan enrolled in

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male /Female mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale.

Certain actuarial assumptions used in the July 1, 2018 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate - The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2018 - Special Funding Situation	\$6,213,844,492
<u>Changes for the year:</u>	
Service Cost	666,574,660
Interest	636,082,461
Expected Investment Return	(11,286,267)
Administrative Expense	9,478,435
Changes in assumptions or other inputs	(1,988,975,042)
Net changes	<u>(\$688,125,753)</u>
The State's Total OPEB Liability Balance at 6/30/2019 - Special Funding Situation	<u>\$5,525,718,739</u>
The State's total OPEB liability associated with the Municipality	\$2,224,212

There were no changes of benefit terms.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued

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

	June 30, 2019		
	<u>1% Decrease</u> <u>(2.50%)</u>	<u>Current Discount</u> <u>Rate (3.50%)</u>	<u>1% Increase</u> <u>(4.50%)</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$6,389,388,578	\$5,525,718,739	\$ 4,823,952,459
	June 30, 2018		
	<u>1% Decrease</u> <u>(2.87%)</u>	<u>Current Discount</u> <u>Rate (3.87%)</u>	<u>1% Increase</u> <u>(4.87%)</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$7,290,703,742	\$6,213,844,492	\$ 5,353,848,414

Sensitivity of the State of New Jersey's net OPEB liability to changes in the Health Care trend rate - The following presents the State of New Jersey's net OPEB liability measured as of June 30, 2020, calculated using the health care trend rate as disclosed above, as well as what the State of New Jersey's net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	<u>1% Decrease</u>	<u>Current Health Care</u> <u>Cost Tend Rate</u>	<u>1% Increase</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$4,663,154,044	\$5,525,718,739	\$ 6,626,441,912
	June 30, 2018		
	<u>1% Decrease</u>	<u>Current Health Care</u> <u>Cost Tend Rate</u>	<u>1% Increase</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$5,183,589,075	\$6,213,844,492	\$ 7,547,335,520

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB)-Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the State of New Jersey's OPEB expense was \$73,244,790 and the amount of OPEB Expense associated with the municipality was \$29,482.

Note 10: DEFERRED COMPENSATION PLAN

The Township has a deferred compensation plan available to employees which has been established pursuant to Section 457 of the Internal Revenue Code and in accordance with applicable New Jersey Statutes and the New Jersey Administrative Code (NJAC 5:37). The Plan is fully contributory and the Township has no liabilities in conjunction with this plan.

Note 11: LEASES

The Township has not entered into any long-term lease agreements.

Note 12: ACCRUED SICK AND VACATION BENEFITS

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

The Township has permitted employees to carryover vacation, compensatory time, and sick pay, which may be taken off or paid at a later date. At December 31, 2020, the contingent liability associated with this benefit is estimated by management to be approximately \$122,218.

Note 13: 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 pending lawsuits in which the Township is involved. The municipal attorney estimates that the potential claims against the Township not covered by insurance resulting from such litigation would not materially affect the financial statements of the Township.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 14: 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:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 49,504	\$ 179,879
Federal/State Grants Fund	53,675	-
Dog Fund	-	598
Trust Fund	38,006	-
General Capital Fund	39,292	-
	<u>\$ 180,477</u>	<u>\$ 180,477</u>

Note 15: 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 14: 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 15: 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>	<u>FEDERAL AND STATE GRANT FUNDS</u>	
Balance December 31, 2019	A	\$ 2,939,847		\$ 9,781
Increased by Receipts:				
Collector	A-5	\$ 22,446,661		
Interfund Returns	A:C	87,655		
Miscellaneous Revenue Not Anticipated	A-2	139,421		
Revenue Accounts Receivable	A-8	2,933,536		
Amount Due State of New Jersey for Senior Citizens/Veterans Deductions	A-18	37,250		
State Grant Funds	A-19	293,435		
State Grant Funds - Unappropriated	A-21	1,382	<u>25,939,340</u>	<u>26</u>
		28,879,187		<u>26</u> 9,807
Decreased by Disbursements:				
2019 Appropriation Reserves	A-11	88,314		
Refund of Prior Year Revenues	A-1	17,641		
Reserves for Encumbrances	A-10	5,929,166		
Interfund Advances	B	49,291		
Refund of Tax Overpayments	A-22	37,828		
County Taxes	A-14	3,506,671		
Local District School Tax	A-15	10,430,270		
Regional School Tax	A-16	5,481,086		
Municipal Open Space Tax	A-17	142,578		
State Grant Funds	A-20	243,974	<u>25,926,819</u>	<u>5,997</u> <u>5,997</u>
Balance December 31, 2020	A	<u>\$ 2,952,368</u>		<u>\$ 3,810</u>

CURRENT FUND
SCHEDULE OF CASH-COLLECTOR

A-5

	<u>REF.</u>		
Received:			
Miscellaneous Not Anticipated	A-2	\$ 10,033	
Interest and Costs on Taxes	A-2	68,974	
Taxes Receivable	A-6	22,024,452	
Tax Title Liens	A-7	183	
2021 Prepaid Taxes	A-12	212,191	
Tax Sale Premium	B	93,000	
Tax Overpayments & Outside Liens	A-22	<u>37,828</u>	<u>\$ 22,446,661</u>
Decreased by Disbursements:			
Payments To Treasurer	A-4		<u>\$ 22,446,661</u>

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

<u>YEAR</u>	<u>BALANCE</u>	<u>2020</u>	<u>CASH COLLECTIONS</u>		<u>CANCELED</u>	<u>TRANSFER</u>	<u>BALANCE</u>
	<u>12/31/19</u>	<u>LEVY</u>	<u>2019</u>	<u>2020</u>		<u>TO</u>	
						<u>TAX TITLE</u>	
						<u>LIENS</u>	
2018	\$ 3,587			\$ 3,587			
2019	271,591			265,953	\$ 2,086	\$ 3,548	\$ 4
	<u>275,178</u>	-	-	<u>269,540</u>	<u>2,086</u>	<u>3,548</u>	<u>4</u>
2020		\$ 22,250,651	\$ 175,924	21,783,890	25,860	20,581	244,396
TOTALS	<u>\$ 275,178</u>	<u>\$ 22,250,651</u>	<u>\$ 175,924</u>	<u>\$ 22,053,430</u>	<u>\$ 27,946</u>	<u>\$ 24,129</u>	<u>\$ 244,400</u>

<u>REF.</u>	<u>A</u>	<u>A-12</u>	<u>A-7</u>	<u>A</u>
State of New Jersey-Senior Citizens/ Veterans Deductions Received by Collector		A-2 A-5	\$ 28,978 <u>22,024,452</u> <u>\$ 22,053,430</u>	

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax	\$ 22,154,826
Special District Taxes	93,445
Added/Omitted Taxes (54:4-63.1 et.seq.)	<u>2,380</u>
	<u>\$ 22,250,651</u>

Tax Levy:

Local District School Tax	A-15	\$ 10,533,540
Regional High School Tax	A-16	5,426,794
County Taxes:		
County Tax (Abstract)	A-14	\$ 2,930,490
County Library Tax (Abstract)	A-14	287,765
County Open Space (Abstract)	A-14	279,875
Due County for Added and Omitted Taxes(54.4-63.1, et.seq.)	A-14	<u>374</u> 3,498,504
Municipal Open Space	A-17	93,455
Local Tax for Municipal Purposes	A-2	2,696,362
Add: Additional Tax Levied		<u>1,996</u> <u>\$ 22,250,651</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>		
Balance December 31, 2019	A		\$ 176,390
Increased by:			
Interest and Costs		\$ 8,331	
Transfers from Taxes Receivable	A-6	<u>24,129</u>	<u>32,460</u>
			208,850
Decreased by:			
Canceled		39	
Paid	A-5	<u>183</u>	<u>222</u>
Balance December 31, 2020	A		<u>\$ 208,628</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<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		\$ 15,000	\$ 15,000	
Municipal Court:					
Fines and Costs	A-2		24,230	24,230	
Interest on Investments and Deposits	A-2		13,488	13,488	
Energy Receipts Tax	A-2		2,627,013	2,627,013	
Garden State Trust Fund	A-2		15,409	15,409	
Shared Services Agreements	A-2	-	238,396	238,396	-
		-	238,396	238,396	-
Totals		-	\$ 2,933,536	\$ 2,933,536	-

REF.

A-4

A

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

A-9

	<u>REF.</u>	
Balance December 31, 2019	A	<u>\$ 94,200</u>
Balance December 31, 2020	A	<u>\$ 94,200</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-10

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 61,950
Increased by:		
Transfer from Current Year Appropriations	A-3	\$ 6,013,732
Transfer from Current Year Appropriations - Grants	A-20	2,479
Transfer from Current Year Appropriations - Non-budget	A-24	100
Additional/(Canceled) Encumbrance Appropriations		(921)
		<u>6,015,390</u>
		6,077,340
Decreased by:		
Transfer to Appropriation Reserve	A-11	61,950
Encumbrances Paid	A-4	<u>5,929,166</u>
		<u>5,991,116</u>
Balance December 31, 2020	A	<u>\$ 86,224</u>

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2019

A-11

	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u>	<u>BALANCE</u> <u>LAPSED</u>
Municipal Clerk:				
Other Expenses	\$ 1,387	\$ 2,613	\$ 1,723	\$ 890
Financial/Tax Administration:				
Other Expenses	373	1,995	597	1,398
Tax Collection:				
Other Expenses	885	1,567	681	886
Assessment of Taxes:				
Other Expenses	-	2,679	2,679	-
Legal Services:				
Other Expenses	15,000	11,224	4,134	7,090
Historic Society:				
Other Expenses	1,029	1,354	338	1,016
Aid to New Hampton				
Other Expenses	1,487	13,703	1,386	12,317
Planning Board				
Other Expenses	7,000	7,000	300	6,700
Board of Adjustment:				
Other Expenses	3,000	2,001	447	1,554
Employee Group Insurance	29,831	29,831	197	29,634
Police:				
Other Expenses	5,143	13,115	11,587	1,528
Aid to Volunteer Fire Companies		1,608	161	1,447
Street and Road Maintenance:				
DPW-Roads-Snow	8,692	34,188	25,496	8,692
Other Expenses	11,985	49,099	13,272	35,827
Recycling Program				
Other Expenses	448	1,092	891	201
Buildings and Grounds:				
Other Expenses	19,226	21,135	5,192	15,943
Environmental Commission				
Other Expenses	883	987	135	852
Recreation:				
Other Expenses	922	1,978	1,106	872
Maintenance of Parks:				
Other Expenses	90	90	12	78
Aid to Library	3,301	4,470	1,431	3,039
Utility Expenses:				
Electricity	8,129	13,909	5,780	8,129
Street Lighting	1,186	1,506	320	1,186
Telephone	92	1,640	623	1,017
Gasoline	3,489	7,015	3,526	3,489
LOSAP	10,800	19,687	6,300	13,387
Other Accounts - No Change	137,856	88,698	-	88,698
	\$ 272,234	\$ 334,184	\$ 88,314	\$ 245,870

REF.

A

A

A-4

A-1

Analysis of Balance:

Appropriation Reserves	A	\$ 272,234	
Reserve for Encumbrances	A-10	61,950	
		<u>\$ 334,184</u>	

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-12

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 175,924
Increased by:		
2021 Taxes Collected in Advance	A-5	<u>212,191</u>
		388,115
Decreased by:		
Applied to 2020 Taxes Receivable	A-6	<u>175,924</u>
Balance December 31, 2020	A	<u>\$ 212,191</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES

A-13

	<u>REF.</u>	
Balance December 31, 2019	A	<u>\$ 5,625</u>
Balance December 31, 2020	A	<u>\$ 5,625</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-14

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 8,541
Increased by:		
2020 Levy:		
County Taxes	A-6	\$ 2,930,490
County Library Taxes	A-6	287,765
County Open Space Tax	A-6	279,875
Prior Year Added and Omitted Taxes	A-6	<div style="display: flex; justify-content: space-between; align-items: flex-end;"> 374 </div>
		<u>3,498,504</u>
		3,507,045
Decreased by:		
Payments	A-4	<u>3,506,671</u>
Balance December 31, 2020	A	<u>\$ 374</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>		
Balance December 31, 2019:			
School Tax Payable		\$ 547,237	
School Tax Deferred	A	<u>4,616,263</u>	\$ 5,163,500
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021	A-6		<u>10,533,540</u>
			15,697,040
Decreased by:			
Payments	A-4		<u>10,430,270</u>
Balance December 31, 2020:			
School Tax Payable	A	650,507	
School Tax Deferred		<u>4,616,263</u>	<u>\$ 5,266,770</u>
 2020 Liability for Local District School Tax:			
Tax Paid			\$ 10,430,270
Tax Payable 12/31/20			<u>5,266,770</u>
			15,697,040
			-
Less -- Tax Payable 12/31/19			<u>5,163,500</u>
 Amount Charged to 2020 Operations	 A-1		 <u>\$ 10,533,540</u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-16

	<u>REF.</u>		
Balance December 31, 2019:			
School Tax Payable		\$ 930,237	
School Tax Deferred	A	<u>1,837,452</u>	\$ 2,767,689
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021	A-6		<u>5,426,794</u>
			8,194,483
Decreased by:			
Payments	A-4		<u>5,481,086</u>
Balance December 31, 2020:			
School Tax Payable	A	875,945	
School Tax Deferred		<u>1,837,452</u>	<u>\$ 2,713,397</u>
 2020 Liability for Regional High School Tax:			
Tax Paid			\$ 5,481,086
Tax Payable 12/31/20			<u>2,713,397</u>
			8,194,483
			-
Less -- Tax Payable 12/31/19			<u>2,767,689</u>
 Amount Charged to 2020 Operations	 A-1		 <u>\$ 5,426,794</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-17

	<u>REF.</u>					
Balance December 31, 2019	A	\$ 217				
Increased by:						
2020 Municipal Open Space Tax	A-6	\$ 93,445				
Added/Omitted Taxes - 2020	A-6	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">10</td> <td style="text-align: right; border-bottom: 1px solid black;">93,455</td> </tr> <tr> <td></td> <td style="text-align: right;">93,672</td> </tr> </table>	10	93,455		93,672
10	93,455					
	93,672					
Increased by:						
Transfer to Open Space Trust Fund	A-4	142,578				
Balance December 31, 2020	A	\$ (48,906)				

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

A-18

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 3,682
Increased by:		
Senior Citizens Deductions Per Tax Billings		\$ 3,750
Veterans Deductions per Tax Billings		<u>33,500</u>
		<u>37,250</u>
		40,932
Decreased by:		
Senior Citizens Deductions Disallowed by Tax Collector		8,272
Received in Cash from State	A-4	<u>37,250</u>
		<u>45,522</u>
Balance December 31, 2020	A	<u>\$ (4,590)</u>

CURRENT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE

A-19

<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>
NJ Transit-Penwell Road	\$ 22,500			\$ 22,500
Neighborhood Preservation Balanced Housing	5,000			5,000
Clean Communities	-	\$ 24,000	\$ 24,000	-
NJDOT Grant Hickory Run Guard Rails	50,298			50,298
NJDOT Grant Sliker Road	185,000		138,750	46,250
NJDOT Grant Anthony Road	210,000			210,000
NJDOT Grant Hollow Hills		150,000	99,495	50,505
NJDEP Backhoe Grant		31,190	31,190	-
FEMA Generator Grant	81,041			81,041
Stormwater Grant	2,500			2,500
Highlands Water Protection	139,144			139,144
Totals	<u>\$ 695,483</u>	<u>\$ 205,190</u>	<u>\$ 293,435</u>	<u>\$ 607,238</u>
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS-APPROPRIATED

A-20

	<u>BALANCE</u>	<u>TRANSFER</u>	<u>BALANCE</u>
	<u>12/31/19</u>	<u>FROM</u>	<u>12/31/20</u>
		<u>2020 BUDGET</u>	
		<u>APPROPRIATIONS</u>	<u>EXPENDED</u>
Clean Communities - Current		\$ 27,876	\$ 27,876
Clean Communities - Prior Years	\$ 26,682		\$ 411
Drunk Driving Enforcement Fund	-	3,353	-
Recycling Tonnage Grant CY 19		4,886	4,886
Recycling Tonnage Grant CY 17	4,304		4,304
Recycling Tonnage Grant CY 16	4,686		4,686
Recycling Tonnage Grant CY 15	3,807		3,807
Recycling Tonnage Grant CY 14	5,406		2,767
Recycling Tonnage Grant CY 13	91		91
NJDOT-Penwell Road	27,593		27,593
Body Armor CY13	1,527		1,527
Body Armor CY12	1,215		1,215
Body Armor CY15	3,659		3,659
Body Armor CY17	129		129
Body Armor CY19		1,423	1,423
Stormwater Grant CY 05	5,000		5,000
Stormwater Grant CY 06	5,000		5,000
Stormwater Grant CY 07	5,000		5,000
Stormwater Grant CY 08	5,000		5,000
Tree Grant	1,887		1,887
Click it or Ticket Grant	4,000		4,000
Highlands Initial Assessment Grant	5,104		5,104
Highlands Water Protection	117,371		117,371
NJDOT Grant Sliker Road	185,000		185,000
NJDOT Grant Hollow Hills		150,000	9,968
NJDEP Backhoe Grant		31,190	31,190
NJDOT Grant Anthony Road	210,000		210,000
Neighborhood Preservation - Balanced Housing	355		355
Law and Public Safety Grant	66,911		66,911
Environmental Protection Grant	7,232		7,232
Totals	\$ 696,959	\$ 218,728	\$ 252,450
	\$ 663,237		

REF .	A	A-3		A
	Cash	A-4	\$ 249,971	
	Encumbrances	A-10	2,479	
			<u>\$ 252,450</u>	

CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS-UNAPPROPRIATED

A-21

	<u>BALANCE</u>	<u>TRANSFER</u> <u>TO</u>	<u>2020 BUDGET</u>	<u>RECEIVED</u>	<u>BALANCE</u>
	<u>12/31/19</u>	<u>APPROPRIATIONS</u>			<u>12/31/20</u>
Drunk Driving Enforcement Fund	\$ 2,711	\$	2,711	\$ 277	\$ 277
Recycling Tonnage Grant	4,886		4,886		-
Alcohol Eduction Grant	643		643		-
Clean Communities	3,876		3,876	1,131	1,131
Body Armor	1,501		1,423		78
Totals	<u>\$ 13,617</u>	<u>\$</u>	<u>13,539</u>	<u>\$ 1,408</u>	<u>\$ 1,486</u>
REF .	A		A-20	A-4	A

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-22

REF.

Increased by:

2020 Tax Overpayments

A-5

\$ 37,828

Decreased by:

Refunds

A-4

\$ 37,828

CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA

A-23

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 131,171
Balance December 31, 2020	A	<u>\$ 131,171</u>

CURRENT FUND
SCHEDULE OF DUE STATE OF NEW JERSEY - MARRIAGE FEES

A-24

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 339
Increased by:		
Receipts	A-4	<div style="display: flex; justify-content: flex-end; align-items: center;"> 719 <hr style="width: 50px; border: 0.5px solid black;"/> </div>
		1,058
Decreased by:		
Encumbured	A-10	\$ 100
Remittances	A-4	<div style="display: flex; justify-content: flex-end; align-items: center;"> 725 <hr style="width: 50px; border: 0.5px solid black;"/> </div>
		<div style="display: flex; justify-content: flex-end; align-items: center;"> 825 <hr style="width: 50px; border: 0.5px solid black;"/> </div>
Balance December 31, 2020	A	<div style="display: flex; justify-content: flex-end; align-items: center;"> \$ 233 <hr style="width: 50px; border: 0.5px solid black;"/> </div>

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS

A-25

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/19</u>	<u>AMOUNT RAISED IN 2020 BUDGET</u>	<u>BALANCE 12/31/20</u>
Special Emergency (40A:4-53)	Tax Reassessment	6/15/19	\$ 100,000	\$ 100,000	\$ 20,000	\$ 80,000
Totals				\$ 100,000	\$ 20,000	\$ 80,000
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>53,301</u>	\$ <u>2,110,796</u>
Increased by Receipts:			
Dog License Fees	B-3	11,859	
State Dog License Fees	B-4	1,752	
Due Current Fund	B-5:6	168	
Museum Deposits	B-7		65,750
Developers Deposits	B-8		8,076
Driveway Bond Deposits	B-9		7
Unemployment Compensation Insurance	B-10		280
Library Fund Deposits	B-11		1,138
Recreation Commission Deposits	B-12		42
Fair Share Housing(COAH) Deposits	B-13		10,883
Off-Track Improvements Deposits	B-14		171
Open Space Deposits	B-15		303,715
Emergency Snow Removal	B-16		130
Accumulated Absences Deposits	B-17		858
Developers Escrow	B-18		24,825
Tax Sale Premiums	B-19		450
Environmental Trust Deposits	B-20		10
Off-Duty Police Fees	B-21		57,406
Memorial Park Deposits	B-22		1,260
Total Receipts		<u>13,779</u>	<u>475,001</u>
		67,080	2,585,797
Decreased by Disbursements:			
Expenditures Under R. S. 4:19-15.11	B-3	9,184	
State Dog License Fees	B-4	1,753	
Due Current Fund	B-5:6	-	
Museum Expenses	B-7		-
Developers Expenses	B-8		15,546
Driveway Refunds	B-9		-
Unemployment Compensation Insurance Transfers	B-10		221
Library Expenditures	B-11		837
Fair Share Housing	B-13		30,359
Off-Track Improvements	B-14		-
Open Space Payments	B-15		22,876
Storm Payments	B-16		-
Developers Escrow	B-18		14,429
Tax Sale Premiums	B-19		18,100
Environmental Trust Disbursements	B-20		190
Off-Duty Police Expenditures	B-21		60,010
Memorial Park Expenditures	B-22		1,607
Total Disbursements		<u>10,937</u>	<u>164,175</u>
Balance December 31, 2020	B	\$ <u>56,143</u>	\$ <u>2,421,622</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 52,870
Increased by:		
Dog License Fees Collected	B-2	<u>11,859</u>
		64,729
Decreased by:		
Expenditures Under R.S. 4:29-15.11	B-2	<u>9,184</u>
Balance December 31, 2020	B	<u>\$ 55,545</u>

Animal Control Fees Collected:	
2018	\$ 17,374
2019	<u>16,732</u>
	<u>\$ 34,106</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	\$ 1
Increased by:		
Collected in 2020:		
State Board of Health Fees	B-2	<u>1,752</u> 1,753
Decreased By:		
Payments	B-2	<u>\$ 1,753</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 430
Increased by:		
Interest Credits	B-2	<u>168</u> 598
Decreased by:		
Transfer to Current Fund	B-2	<u> -</u>
Balance December 31, 2020	B	<u>\$ 598</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
OTHER TRUST FUND

B-6

	<u>REF.</u>	<u>DUE TO/(FROM)</u>
Balance December 31, 2019	B	\$ 5,871
Increased by:		
Municipal Open Space Expenditures Paid by Current Fund	B-15	49,133
		<u>55,004</u>
Decreased by:		
Added/Omitted Taxes - Municipal Open Space	B-15	\$ 10
Tax Sale Premiums Collected	B-19	<u>93,000</u>
		<u>93,010</u>
Balance December 31, 2020	B	<u>\$ (38,006)</u>

Detail:

Debt Service Adjustment Prior Years		\$ (8,832)
Municipal Open Space		48,906
Off Track Improvements		1,920
Tax Sale Premiums		<u>(80,000)</u>
		<u>\$ (38,006)</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUSEUM DONATIONS

			B-7
	<u>REF.</u>		
Balance December 31, 2019	A	\$	13,018
Increased by:			
Museum Deposits	B-2	<u>65,750</u>	
			<u>78,768</u>
Decreased by:			
Museum Disbursements	B-2	<u>-</u>	
Balance December 31, 2020	A	\$	<u><u>78,768</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS' DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 87,765
Increased by:		
Developers Deposits	B-2	_____ 8,076
		95,841
Decreased by:		
Developers Payments	B-2	_____ 15,546
Balance December 31, 2020	A	\$ <u>80,295</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-9

	<u>REF.</u>
Balance December 31, 2019	A \$ 2,654
Increased by:	
Driveway Deposits	B-2 <u> 7</u> 2,661
Decreased by:	
Driveway Refunds	B-2 <u> -</u>
Balance December 31, 2020	A <u>\$ 2,661</u>

TRUST FUND
SCHEDULE OF UNEMPLOYMENT COMPENSATION INSURANCE
TRUST DEPOSITS

B-10

REF.

Balance December 31, 2019	B	\$ 100,348		
Increased by:				
Interest Credits	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-bottom: 1px solid black; width: 50px; text-align: right;">280</td> </tr> <tr> <td style="text-align: right;">100,628</td> </tr> </table>	280	100,628
280				
100,628				
Decreased by:				
Transfers to Current Fund	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-bottom: 1px solid black; width: 50px; text-align: right;">221</td> </tr> </table>	221	
221				
Balance December 31, 2020	B	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-bottom: 3px double black; width: 50px; text-align: right;">\$ 100,407</td> </tr> </table>	\$ 100,407	
\$ 100,407				

TRUST FUND
SCHEDULE OF RESERVE FOR LIBRARY FUND

B-11

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 5,640
Increased by:		
Deposits and Interest Credits	B-2	<u>1,138</u>
		6,778
Decreased by:		
Expenditures	B-2	<u>837</u>
Balance December 31, 2020	A	<u>\$ 5,941</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

B-12

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 15,064
Increased by:		
Recreation Deposits	B-2	<u>42</u>
		15,106
Balance December 31, 2020	A	<u>\$ 15,106</u>

TRUST FUND
SCHEDULE OF RESERVE FOR FAIR SHARE HOUSING (COAH) DEPOSITS

B-13

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 171,195
Increased by:		
COAH Deposits Received	B-2	<u>10,883</u>
		182,078
Decreased by:		
COAH Payments	B-2	<u>30,359</u>
Balance December 31, 2020	A	<u>\$ 151,719</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OFF-TRACK IMPROVEMENTS

B-14

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 58,948
Increased by:		
Off-Track Improvement Deposits	B-2	_____ 171 59,119
Decreased by:		
Off-Track Improvement Disbursements	B-2	_____ -
Balance December 31, 2020	A	\$ <u>59,119</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST DEPOSITS

B-15

	<u>REF.</u>		
Balance December 31, 2019	B	\$	1,024,866
Increased by:			
Open Space Levy-2020	B-2	\$	93,445
Added/Omitted Taxes - Municipal Open Space	B-6		10
Reimbursement from NJ Water Spply Authority for Prior Costs	B-2		7,610
Contribution from Hunterdon County Open Space Fund	B-2		199,526
Interest Credits	B-2		<u>3,134</u>
			<u>303,725</u>
			1,328,591
Decreased by:			
Open Space Expenditures	B-2		22,876
NJ Environment Infrastructure Trust Debt Service	B-6		<u>49,133</u>
			<u>72,009</u>
Balance December 31, 2020	B	\$	<u>1,256,582</u>

TRUST FUND
SCHEDULE OF RESERVE FOR EMERGENCY SNOW REMOVAL

B-16

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 46,400
Increased by:		
Deposits	B-2	<u>130</u>
		46,530
Decreased by:		
Storm Expenditures	B-2	<u>-</u>
Balance December 31, 2020	B	<u>\$ 46,530</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES

B-17

	<u>REF.</u>	
Balance December 31, 2019	A	\$ 306,837
Increased by:		
Deposits-Current Fund Budget Appropriation and Interest	B-2	<u>858</u>
		307,695
Balance December 31, 2020	A	<u>\$ 307,695</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW

B-18

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 104,409
Increased by:		
Escrow Deposits	B-2	<u>24,825</u>
		129,234
Decreased by:		
Deposits Returned	B-2	<u>14,429</u>
Balance December 31, 2020	B	<u>\$ 114,805</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-19

	<u>REF.</u>		
Balance December 31, 2019	B	\$	149,666
Increased by:			
Premiums Received	B-6	\$	93,000
Interest Credits	B-2		<u>450</u>
			<u>93,450</u>
			243,116
Decreased by:			
Tax Sale Premiums Refunded	B-2		<u>18,100</u>
Balance December 31, 2020	B	\$	<u>225,016</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ENVIRONMENTAL TRUST FUND

B-20

	<u>REF.</u>			
Balance December 31, 2019	B	\$ 3,671		
Increased by:				
Deposits	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-bottom: 1px solid black; width: 40px; text-align: right;">10</td> </tr> <tr> <td style="text-align: right;">3,681</td> </tr> </table>	10	3,681
10				
3,681				
Decreased by:				
Disbursements	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-bottom: 1px solid black; width: 40px; text-align: right;">190</td> </tr> </table>	190	
190				
Balance December 31, 2020	B	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-bottom: 3px double black; width: 40px; text-align: right;">3,491</td> </tr> </table>	3,491	
3,491				

TRUST FUND
SCHEDULE OF RESERVE FOR OFF-DUTY POLICE

B-21

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 12,200
Increased by:		
Fees	B-2	<u>57,406</u>
		69,606
Decreased by:		
Payroll Expenditures and Costs	B-2	<u>60,010</u>
Balance December 31, 2020	B	<u><u>\$ 9,596</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR MEMORIAL PARK

B-22

	<u>REF.</u>	
Balance December 31, 2019	B	\$ 2,244
Increased by:		
Escrow Deposits	B-2	<u>1,260</u>
		3,504
Decreased by:		
Expenditures	B-2	<u>1,607</u>
Balance December 31, 2020	B	<u><u>\$ 1,897</u></u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2019	C		\$ 1,092,363
Increased by Receipts:			
Interest Credits	C-5	\$ 2,645	
Premium of Bond Anticipation Note	C-1	2,057	
Capital Improvement Fund - Current Fund Appropriation	C-6	700,000	
Interfund Balances Advanced-Current Fund	C-5	803,039	
Bond Anticipation Note Proceeds-Renewal	C-5	<u>1,435,138</u>	<u>2,942,879</u>
			4,035,242
Decreased by Disbursements:			
Improvements Authorizations Paid	C-10	663,330	
Amount Due to Current Fund	C-5	39,880	
Bond Anticipation Note Payment	C-5	<u>2,240,234</u>	<u>2,943,444</u>
Balance December 31, 2020	C		<u>\$ 1,091,798</u>

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

C-3

	<u>REF.</u>	
Balance December 31, 2019	C	\$ 199,526
Decreased by:		
Serial Bonds Paid by Open Space Trust Fund	C-7	<u>74,488</u>
Balance December 31, 2020	C	<u>\$ 125,038</u>

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

C-4

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE 12/31/19	NOTES PAID BY BUDGET APPROPRIATION	BALANCE 12/31/20	ANALYSIS OF BALANCE	
					DEBT AUTHORIZED, NOT ISSUED	DEBT ISSUED (BAN'S)
05-14	Acquisition of Development and Easement Rights	\$ 122,909		\$ 122,909	\$ 122,909	-
09-06; 10-03	Road Resurfacing, DPW vehicles & Lift, Fire Tanker	77,853	77,853	-		-
09-07	DPW Garage	225,647	225,647	-		-
10-14	Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	184,700	92,350	92,350		\$ 92,350
11-02	Fire and Rescue Squad Ambulance	45,776	22,888	22,888		22,888
11-07	DPW Vehicle and Apparatus, Road Resurfacing of Various Township Roads, Supplemental Funding of DPW Garage	179,760	59,920	119,840		119,840
11-07	Amendment of Ordinance #2007-10 for Inclusion of Fire Department ATV and Ambulance Equipment.	32,825		32,825	32,825	-
11-10	Supplemental Funding of DPW Garage, Amendment of Ordinance #2012-07 and 2009-07	285,000	71,250	213,750		213,750
12-01	Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	218,500	54,625	163,875		163,875
13-09	DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	261,248	65,313	195,935		195,935
14-08	Amendment of Ordinance #2008-07 for addition of Improvements to Municipal Building Basement, Fire Department Radios.	68,000		68,000	68,000	-
15-09	Road resurfacing, new automotive vehicles including orig. apparatus and equipment consisting of DPW dump trucks.	343,000	49,000	294,000		294,000
16-02	New Automotive Vehicles	380,000	47,500	332,500		332,500
		\$ 2,425,218	\$ 766,346	\$ 1,658,872	\$ 223,734	\$ 1,435,138

REF.

C

C-8

C

C-8

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-5

REF.

Increased by:

Interest Credits	C-2	\$ 2,645	
Interfund Balances Advanced-Current Fund	C-2	<u>803,039</u>	<u>\$ 805,684</u>
			805,684

Decreased by:

Interfund Returned - Current Fund	C-2	39,880	
Bond Anticipation Notes Principle and Interest Paid from General Capital Fund	C-2	<u>805,096</u>	<u>844,976</u>

Balance December 31, 2020	C		<u>\$ (39,292)</u>
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GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2019	C	\$ 377,432
Increased by:		
2020 Budget Appropriations	C-2	<u>700,000</u>
		1,077,432
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-10	<u>832,267</u>
Balance December 31, 2020	C	<u>\$ 245,165</u>

GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY TRUST LOAN PROGRAM

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>ORD#</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/19</u>	<u>DECREASED</u>	<u>BALANCE 12/31/20</u>
New Jersey Environmental Infrastructure Trust-Loan Program	1/1/04	03-10	\$470,135	2021-2023	\$22,208 to \$26,904	None	\$ 82,855	\$ 21,188	\$ 61,667
New Jersey Environmental Infrastructure Trust-Loan Program	1/1/04	03-10	\$175,000	2021-2023	\$5,000 to \$15,000.	3.0% to 5.0%	50,000	13,251	36,749
New Jersey Environmental Infrastructure Trust-Loan Program	10/13/04	04-08	\$341,266	2021-2024	\$8,282 to \$18,836	None	16,671	16,671	-
New Jersey Environmental Infrastructure Trust-Loan Program	10/13/04	04-08	\$120,000	2021-2024	\$5,000 to \$10,000	3.0% to 5.0%	50,000	23,378	26,622
							\$ 199,526	\$ 74,488	\$ 125,038
REF.				-			C	C-3	C

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-8

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/19</u>	<u>DECREASED</u>	<u>BALANCE 12/31/20</u>
09-07	DPW Garage	9/10/10	7/26/2020	7/23/21	1.25%	\$ 225,647	\$ 225,647	-
10-03	Road Resurfacing, DPW Trucks, Vehicle Lift, Library Heating, Tanker Fire Truck	9/10/10	7/26/2020	7/23/21	1.25%	77,853	77,853	-
11-02	Fire and Rescue Squad Ambulance	9/9/11	7/26/2020	7/23/21	1.25%	45,776	22,888	\$ 22,888
11-07	DPW Vehicle and Apparatus, Road Resurfacing of Various Township Roads, Supplemental Funding of DPW Garage	9/7/12	7/26/2020	7/23/21	1.25%	179,760	59,920	119,840
11-10	Supplemental Funding of DPW Garage, Amendment of Ordinance #2012-07 and 2009-07	9/6/13	7/26/2020	7/23/21	1.25%	285,000	71,250	213,750
12-01	Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	9/6/13	7/26/2020	7/23/21	1.25%	218,500	54,625	163,875
13-09	DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	9/6/13	7/26/2020	7/23/21	1.25%	261,248	65,313	195,935
17-4	Resurface Red Mill Road; Sealing program; Calcium Storage Tank; Electronic Message Sign; Museum Improvements	8/24/17	7/26/2020	7/23/21	1.25%	380,000	47,500	332,500
10-14	Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	2/4/11	7/26/2020	7/23/21	1.25%	184,700	92,350	92,350
15-09	Road resurfacing, new automotive vehicles including orig. apparatus and equipment consisting of DPW dump trucks.	1/29/16	7/26/2020	7/23/21	1.25%	343,000	49,000	294,000

\$ 2,201,484	\$ 766,346	\$ 1,435,138
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REF.

C

C-4

C

Charged As Follows:

Current Fund Budget
Total

A-3

Principal

\$ 766,346

\$ 766,346

Actual Interest

\$ 38,746

\$ 38,746

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

C-9

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/19</u>	<u>BALANCE</u> <u>12/31/20</u>
Fire Truck and Ambulance	<u>\$ 17,233</u>	<u>\$ 17,233</u>
	<u>\$ 17,233</u>	<u>\$ 17,233</u>
REF.	C	C

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-10

<u>IMPROVEMENT DESCRIPTION</u>	<u>NUMBER</u>	<u>ORDINANCE</u>	<u>AMOUNT</u>	<u>BALANCE 12/31/19</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/20</u>	
		<u>DATE</u>		<u>FUNDED</u>	<u>UNFUNDED</u>			<u>FUNDED</u>	<u>UNFUNDED</u>
New Municipal Garage	08-12	12/17/08	\$ 38,058	\$ 1,536				\$ 1,536	
DPW Garage Feasibility	09-03	4/15/09	200,000		\$ 109,648		\$ 78,440		\$ 31,208
Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	10-14	10/20/10	665,000		122,281		110,410		11,871
Amendment of Ordinance #2007-10 for Inclusion of Fire Department ATV and Ambulance Equipment.	11-07	8/3/11	35,000		3,451				3,451
DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	13-09	6/19/13	550,000		48,126				48,126
Amendment of Ordinance #2008-07 for addition of Improvements to Municipal Building Basement, Fire Department Radios.	14-08	11/5/14	71,500		42,299				42,299
Road resurfacing, new automotive vehicles including orig. apparatus and equipment consisting of DPW dump trucks.	15-09	12/16/15	515,000		(132,981)	\$ 157,267	24,286		-
New Automotive Vehicles	16-02	2/17/16	400,000		48,190		5,680		42,510
Various road resurfacing	17-04	8/2/17	382,000	47,076				47,076	
Various road resurfacing; pick-up truck; trailer; salt spreader; SCUBA equipment for FD	18-05	9/5/18	382,000	86,553			76,202	10,351	
Road Resurfacing, Chip Seal, Mason Dump Truck, SUV's for Police Dept., SCUBA for Fire Dept.	19-02	5/22/19	490,000	490,000			368,312	121,688	
Road Improvements, Police Vehicles, Road Dept. Equip, Fire Dept	20-05	6/3/20	675,000	-		675,000	120,643	554,357	
				\$ 625,165	\$ 241,014	\$ 832,267	\$ 783,973	\$ 735,008	\$ 179,465
REF.				C	C	C-6		C	C
						C-2	\$ 663,330		
						C-11	120,643		
							<u>\$ 783,973</u>		

GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES

C-11

REF.

Increased by:

Improvement Authorizations	C-10	\$ 120,643
		<u>120,643</u>
Balance December 31, 2020	C	\$ <u>120,643</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>BALANCE</u> <u>12/31/20</u>
General Fixed Assets:			
Land	\$ 3,510,219		\$ 3,510,219
Buildings	4,787,073		4,787,073
Machinery and Equipment	<u>9,343,047</u>	<u>\$ 468,800</u>	<u>9,811,847</u>
 Total General Fixed Assets	 <u>\$ 17,640,339</u>	 <u>\$ 468,800</u>	 <u>\$ 18,109,139</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 Lebanon, County of Hunterdon, 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 April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

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

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

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

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

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 7, 2020, adopted the following resolution authorizing interest to be charged on delinquent taxes:

“Be It Resolved that pursuant to R.S.54:4-67, the Township Committee of the Township of Lebanon, County of Hunterdon, and State of New Jersey, hereby fixes the rate of interest to be charged on all delinquent taxes for the year 2004 at the rate of eight (8) per cent per annum for the first \$1,500 and eighteen (18) per cent for amounts over \$1,500.

Be It Further Resolved, that notwithstanding the above provision, no interest shall be charged if payment of any quarterly installment is made within ten (10) days after the date upon which the same become payable according to the laws in such cases made and provided. If such payment is not made within the ten (10) days grace period, the above rate of interest shall run and accrue from the original due date of such taxes.”

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 7, 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 property taxes outstanding from the 2019 and 2020 tax levies.

A tax sale was held on November 19, 2020 and was complete.

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	23
2019	25
2018	25

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	2,954	60	18
2021 Property Tax	Positive	2,954	60	18

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 Lebanon to these new directives are as follows:

<u>Requirement</u>	<u>FY 2020 Required Implementation</u>	
	<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	\$ 750,000	2.82%	\$ 650,000	2.46%
Miscellaneous - From Other Than				
Local Property Tax Levies	3,616,562	13.60%	3,558,663	13.49%
Collection of Delinquent Taxes and				
Tax Title Liens	269,723	1.01%	359,314	1.36%
Collection of Current Tax Levy	<u>21,959,814</u>	<u>82.57%</u>	<u>21,811,181</u>	<u>82.68%</u>
Total Income	<u>26,596,099</u>	<u>100.00%</u>	<u>26,379,158</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	6,408,407	24.55%	6,337,982	24.56%
Open Space Trust	93,455	0.36%	75,050	0.29%
County Taxes	3,498,504	13.40%	3,461,171	13.41%
Local and Regional Taxes	15,960,334	61.13%	15,862,378	61.46%
Other Expenditures	<u>147,002</u>	<u>0.56%</u>	<u>72,817</u>	<u>0.28%</u>

Total Expenditures	<u>26,107,702</u>	<u>100.00%</u>	<u>25,809,398</u>	<u>100.00%</u>
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Excess in Revenue	488,397		569,760	
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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>100,000</u>	

Statutory Excess to Fund Balance	488,397		669,760	
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Fund Balance January 1	897,830		878,070	
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Less:

Utilization as Anticipated Revenue	<u>750,000</u>		<u>650,000</u>	
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Fund Balance December 31	<u>\$ 636,227</u>		<u>\$ 897,830</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>\$2.381</u>	<u>\$2.945</u>	<u>\$2.950</u>
<u>Apportionment of Tax Rate:</u>			
Municipal Open Space	0.010	0.010	0.010
Municipal	0.288	0.353	0.347
County	0.344	0.424	0.427
County Open Space	0.030	0.037	0.038
Local School	1.128	1.381	1.354
Regional High School	0.581	0.740	0.774

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2020	\$934,544,282
2019	\$748,330,659
2018	\$747,444,520

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	\$22,250,651	\$21,959,814	98.69%
2019	\$22,105,796	\$21,811,181	98.66%
2018	\$22,088,854	\$21,714,611	98.30%

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	\$208,628	\$244,400	\$453,028	2.04%
2019	\$176,390	\$275,178	\$451,568	2.04%
2018	\$173,862	\$353,533	\$527,395	2.39%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2020	\$94,200
2019	\$94,200
2018	\$94,200

Comparative Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Regular</u>	<u>Utilized In Budget of Succeeding Year Defer School Tax</u>
2020	\$ 636,227	* \$ 550,000	None
2019	\$ 897,830	\$ 750,000	None
2018	\$ 878,070	\$ 650,000	None
2017	\$ 752,461	\$ 550,000	None
2016	\$ 700,158	\$ 325,000	\$175,000
2015	\$ 694,080	\$ 465,398	\$225,000
2014	\$ 989,411	\$ 460,729	\$525,000
2013	\$ 1,034,279	\$ 630,000	\$500,000
2012	\$ 1,251,212	\$ 864,000	\$300,000
2011	\$ 1,003,520	\$ 329,838	\$670,000

*Approved (Introduced) Budget

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>
Mike Schmidt	Mayor		
Tom McKee	Committee		
Marc Laul	Committee		
Brian Wunder	Committee		
Beverly Koehler	Committee		
Karen Sandorse	Township Clerk		
Gregory J. Della Pia	Chief Financial Officer	\$130,000	Selective Ins. Co.

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Ann Marie Silvia	Tax Collector	\$130,000	Selective Ins. Co.
Matthew Lyons	Attorney		
Erica Brandmaier	Assessor		

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

<u>Year</u>	<u>Amount</u>
2020	\$134,764

All other officials handling monies, except the Collector, CMFO and Treasurer, were covered by a **faithful performance blanket position** bond in the amount of \$10,000 by the Selective Insurance Company.

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 Lebanon
530 West Hill Road
Glen Gardner, New Jersey 08826

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 Lebanon in the County of Hunterdon, 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 Lebanon'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

FEDERAL GRANTOR/PROGRAM TITLE	CFDA	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/20	RECEIPTS		DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/20	TOTAL DISBURSEMENTS
						PROGRAM	OTHER			
<u>DEPARTMENT OF HOMELAND SECURITY</u>										
Hazzard Mitigation Grant (HMGP)	97.039	\$ 307,256	2015	A	\$ 131,171				\$ 131,171	\$ 196,456
Hazzard Mitigation Grant (HMGP)	97.039	81,041	2017	A	(81,041)				(81,041)	81,041
<u>DEPARTMENT OF TRANSPORTATION</u>										
NJ Transportation Fund Authority Act										
Penwell Road	20.600	N/A	Prior Year	A	5,093				5,093	
Hickory Run Guard Rails	20.600	120,000	2017	A	(50,298)				(50,298)	120,000
Anthony Road	20.600	210,000	2019	A			\$ 210,000		(210,000)	210,000
Sliker Road	20.600	185,000	2019	A		\$ 138,750			138,750	
Hollow Hills	20.600	150,000	2020	A		99,495		9,968	89,527	9,968
					<u>\$ 4,925</u>	<u>\$ 238,245</u>	<u>\$ -</u>	<u>\$ 219,968</u>	<u>\$ 23,202</u>	<u>\$ 617,465</u>

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

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**

K-4

STATE GRANTOR/PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/20	RECEIPTS		DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/20
						PROGRAM	OTHER		
<u>DEPT. OF COMMUNITY AFFAIRS</u>									
Neighborhood Perservation Balanced Housing	N/A		Prior Years	A	\$ (4,645)				\$ (4,645)
<u>DEPT. OF ENVIRON. PROTECTION</u>									
Solid Waste Adm.-Clean Communities Program	4900-765-178900	\$25,131	2020	A		\$ 25,131			25,131
			Prior Years	A	30,558			\$ 26,271	4,287
Environmental Protection Equipment (Backhoe)		31,190	2020	A		31,190			31,190
<u>DEPT. OF PUBLIC SAFETY</u>									
Criminal Justice - Body Armor	N/A	1,142	2016	A	2,643				2,643
Criminal Justice - Body Armor	N/A	1,258	2015	A	1,258				1,258
Criminal Justice - Body Armor	N/A	1,259	2014	A	1,259				1,259
Criminal Justice - Body Armor	N/A	1,527	2013	A	1,527				1,527
Criminal Justice - Body Armor	N/A	1,288	2012	A	1,215				1,215
Drunk Driving Enforcement	4250-760-050000-63	277	2020	A		277			277
Drunk Driving Enforcement	4250-760-050000-63	2,711	2019	A	2,711		642	3,353	-
Law and Public Safety Grant	N/A	42,553	2014	A	42,553				42,553
Law and Public Safety Grant	N/A	24,358	2013	A	24,358				24,358
<u>OTHER STATE AIDS</u>									
Recycling Tonnage Program	N/A	Varies	2009-2019	A	23,180			2,858	20,322
Alcohol Education Grant	N/A	129	2017	A	772		(642)		130
Environmental Protection Grant	N/A	7,232	2015	A	7,232				7,232
Storm Water Grant	02-1736-00	5,000	2004-2009	A	17,500				17,500
Tree Grant	N/A	N/A	2005	A	1,887				1,887
Click it or Ticket	N/A	N/A	2007	A	4,000				4,000
Highlands Initial Assessment Grant	N/A	20,000	2008	A	5,104				5,104
Highlands Water Protection Grant	N/A	147,800	2013	A	(21,773)				(21,773)
TOTAL STATE ASSISTANCE					\$ 141,339	\$ 56,598	\$ -	\$ 32,482	\$ 165,455

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

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

TOWNSHIP OF LEBANON

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 Lebanon. The Township of Lebanon 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 Federal and 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, these schedules were not subject to an audit in accordance with OMB Uniform Guidance or NJOMB Circular 15-08.

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

CY
Occurrence

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