

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

**REPORT OF AUDIT
DECEMBER 31, 2023**

TOWNSHIP OF LEBANON

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

AUDITORS' REPORTS



ARDITO & COMPANY LLC

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Lebanon
530 West Hill Road
Glen Gardner, New Jersey 08826

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Lebanon, County of Hunterdon, as of December 31, 2023 and 2022, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2023 and 2022, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2023 and 2022, or changes in financial positions for the years then ended.

-Continued-

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, audit requirements prescribed by the Division of Local Government Services, and ***Government Auditing Standards***, we:

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

-Continued-

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

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated April 25, 2024, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the Township's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC
 Frenchtown, New Jersey
 April 25, 2024

Anthony Ardito

Anthony Ardito
 Certified Public Accountant
 Registered Municipal Accountant No.524
 ARDITO & COMPANY LLC
 Frenchtown, New Jersey
 April 25, 2024

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/23</u>	<u>BALANCE</u> <u>12/31/22</u>
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 4,327,585	\$ 4,002,785
Subtotal		<u>4,327,585</u>	<u>4,002,785</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	321,591	333,477
Tax Title Liens Receivable	A-7	266,279	237,755
Property Acquired for Taxes - Assessed Valuation	A-9	94,200	94,200
Due from Grants Fund	A	603,042	475,430
Due from Animal Control Fund	B	1,227	32
Due from Other Trust Fund	B	24,489	-
Due from General Capital Fund	C	20,150	9,986
Subtotal		<u>1,330,978</u>	<u>1,150,880</u>
Deferred Charges:			
Special Emergencies	A-25	20,000	40,000
Subtotal		<u>20,000</u>	<u>40,000</u>
Subtotal - Current Fund		<u>5,678,563</u>	<u>5,193,665</u>
Federal and State Grant Fund:			
Cash	A-4	652,491	638,596
Due From General Capital Fund	C	51,427	51,427
State Grants Receivable	A-19	1,816,624	1,008,124
Subtotal		<u>2,520,542</u>	<u>1,698,147</u>
TOTAL ASSETS		<u>\$ 8,199,105</u>	<u>\$ 6,891,812</u>

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

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/23</u>	<u>BALANCE</u> <u>12/31/22</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Reserve for Encumbrances	A-10	\$ 140,886	\$ 63,079
Appropriation Reserves	A-3:11	182,882	162,917
Amount Due To Other Trust Funds	B	18,245	259,449
Taxes Collected In Advance	A-12	220,917	239,720
Reserve for Codification of Ordinances	A-13	5,625	5,625
Amount Due County For Added Taxes	A-14	5,252	8,187
Local District School Tax Payable	A-15	1,095,175	938,039
Regional High School Taxes Payable	A-16	1,392,200	1,204,251
Due to Municipal Open Space Trust Fund	A-17	326	207
Due From State of New Jersey - Veterans and Sr. Citizens Deductions	A-18	4,889	4,889
Reserve for FEMA	A-23	131,171	131,171
Due State of New Jersey - Marriage Fees	A-24	439	311
Subtotal		3,198,007	3,017,845
Reserve For Receivables And Other Assets	A	1,330,978	1,150,880
Fund Balance	A-1	1,149,578	1,024,940
Subtotal - Current Fund		5,678,563	5,193,665
Federal and State Grant Fund:			
Due to Current Fund	A	603,042	475,430
Appropriated Reserves	A-20	1,869,601	874,652
Unappropriated Reserves	A-21	47,899	348,065
Subtotal		2,520,542	1,698,147
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 8,199,105	\$ 6,891,812

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>2023</u>		<u>YEAR</u> <u>2022</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	A-2	\$ 800,000	\$	550,000
Miscellaneous Revenue Anticipated	A-2	4,803,494		3,744,912
Receipts From Delinquent Taxes	A-2	313,705		336,435
Receipts from Current Taxes	A-2	24,676,065		23,460,668
Non-Budget Revenues	A-2	244,713		223,335
<u>Other Credits To Income:</u>				
Interfund Return - Animal Control	A-4	1,227		33
Unexpended Balance Of Appropriation Reserves	A-11	<u>116,716</u>		<u>225,652</u>
Total Income		<u>30,955,920</u>		<u>28,541,035</u>
EXPENDITURES				
Budget and Emergency Appropriations:				
Operations:				
Salaries and Wages	A-3	2,204,202		2,592,805
Other Expenses	A-3	3,650,309		1,841,734
Deferred Charges and Statutory Expenditures	A-3	696,741		680,397
Capital Improvements	A-3	847,500		906,611
Municipal Debt Service	A-3	305,874		350,711
County Taxes	A-14	4,122,318		3,709,147
Amount Due County For Added and Omitted Taxes	A-14	5,252		8,187
Local District School Taxes	A-15	11,422,876		11,108,605
Regional High School Taxes	A-16	6,459,304		6,083,406
Municipal Open Space	A-6	92,944		93,255
Refund Prior Year Revenues	A-4	59,274		-
Interfund Advances	A:B:C	<u>164,688</u>		<u>484,413</u>
Total Expenditures		<u>30,031,282</u>		<u>27,859,271</u>
Excess in Revenues		924,638		681,764
Statutory Excess to Fund Balance		924,638		681,764
Fund Balance January 1	A	<u>1,024,940</u>		<u>893,176</u>
		1,949,578		1,574,940
Decreased by:				
Utilization as Anticipated Revenue	A-1	<u>800,000</u>		<u>550,000</u>
Fund Balance December 31	A	<u>\$ 1,149,578</u>	\$	<u>1,024,940</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>	SPECIAL N.J.S.		EXCESS OR
	<u>REF.</u>	<u>BUDGET</u>	<u>40A:4-87</u>	<u>REALIZED</u>	<u>DEFICIT</u>
Fund Balance Anticipated	A-2	\$ 800,000		\$ 800,000	
<hr/>					
Miscellaneous Revenues:					
Local Revenues:					
Licenses:					
Alcoholic Beverages	A-8	15,000		15,000	-
Fines and Costs:					
Municipal Court	A-8	33,000		45,040	\$ 12,040
Interest and Costs On Taxes	A-5	60,000		70,094	10,094
Interest on Investments	A-8	3,000		136,115	133,115
Total Local Revenues		<u>111,000</u>		<u>266,249</u>	<u>155,249</u>
<hr/>					
State Aid:					
Energy Receipts Tax	A-8	2,645,172		2,645,172	
Garden State Trust Fund	A-8	15,409		18,975	3,566
Municipal Relief Aid	A-8	-		274,012	274,012
Total State Aid		<u>2,660,581</u>		<u>2,938,159</u>	<u>277,578</u>
<hr/>					
Special Items Of Revenue Anticipated With Prior Written Consent of Local Government Services-					
Public and Private Revenues:					
Clean Communities Grant	A-20	27,457		27,457	
American Rescue Plan	A-20	318,245		318,245	
Body Armor Grant	A-20	2,044		2,044	
American Rescue Plan - Firefighter Grant	A-20	8,500		8,500	
Drunk Driving Enforcement Grant	A-20	319		319	
Community Fund Project Grant	A-20	750,000		750,000	
Recycling Tonnage Grant	A-20	3,956		3,956	
Stormwater Grant	A-20		\$ 75,000	75,000	
Total Special Items Of Revenues		<u>1,110,521</u>	<u>75,000</u>	<u>1,185,521</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>			
		SPECIAL N.J.S.			EXCESS OR
	<u>REF.</u>	<u>BUDGET</u>	<u>40A:4-87</u>	<u>REALIZED</u>	<u>DEFICIT</u>
OTHER SPECIAL ITEMS:					
Shared Services Agreements	A-8	485,000	-	413,565	(71,435)
Total Other Special Items		<u>485,000</u>	<u>-</u>	<u>413,565</u>	<u>(71,435)</u>
Total Miscellaneous Revenue	A-2	<u>4,367,102</u>	<u>75,000</u>	<u>4,803,494</u>	<u>361,392</u>
Receipts From Delinquent Taxes	A-2	<u>240,000</u>	<u>-</u>	<u>313,705</u>	<u>73,705</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax For Municipal Purposes	A-2	<u>2,832,790</u>	<u>-</u>	<u>3,183,586</u>	<u>350,796</u>
Total General Revenues		8,239,892	75,000	9,100,785	785,893
Other Non-Budget Revenues	A-2			244,713	244,713
		<u>\$ 8,239,892</u>	<u>\$ 75,000</u>	<u>\$ 9,345,498</u>	<u>\$ 1,030,606</u>
		A-3	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

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>	
Allocation Of Current Tax Collections:		
Revenue from Collections	A-6	\$ 24,640,827
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>35,238</u>
	A-1	24,676,065
Allocated To:		
School and County Taxes	A-6	<u>22,102,694</u>
Balance for Support Of Municipal Budget Appropriations		2,573,371
Add by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>610,215</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 3,183,586</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 4

<u>ANALYSIS OF NON-BUDGET REVENUES</u>	<u>REF.</u>		
Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Permits		\$ 11,939	
Certified Lists		240	
Copies/Maps		1,060	
Planning Board		18,663	
Zoning Board		14,445	
Board of Health		3,900	
Retail Food		5,575	
Cable TV		20,331	
Worker's Comp Reimb.		15,305	
Newsletters		6,845	
Library		104	
Cell Tower		74,733	
Diesel		55,027	
Vets/Sr Admin Fee		455	
Miscellaneous		<u>3,371</u>	
	A-4		<u>\$ 231,993</u>
Collector:			
Miscellaneous		3,840	
Trailer Court Fees	A-5	<u>8,880</u>	<u>12,720</u>
			<u>\$ 244,713</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	\$ 16,250	\$ 16,250		-
Other Expenses	5,000	20,000	19,201	\$ 799	
Municipal Clerk:					
Salaries and Wages	167,237	172,528	172,528		-
Other Expenses:					
Elections	5,500	3,258	3,258		-
Miscellaneous Other Expenses	53,000	63,000	60,706	2,294	
Financial Administration (Treasury):					
Salaries and Wages	65,035	47,035	46,322		713
Other Expenses	12,000	14,500	14,498		2
Audit Services:					
Other Expenses	32,280	33,409	33,409		-
Revenue Administration (Tax Collection):					
Salaries and Wages	29,714	29,714	29,714		-
Other Expenses	13,150	13,150	11,632	1,518	
Tax Assessment Administration:					
Salaries and Wages	30,308	30,308	30,308		-
Other Expenses	50,000	50,000	11,683	38,317	
Legal Services (Legal Dept.):					
Other Expenses	60,000	60,000	40,414	19,586	
Engineering Services:					
Other Expenses	12,000	12,000	6,375	5,625	
Historical Sites Office:					
Other Expenses	1,500	1,500	1,400	100	
Aid to New Hampton Historic Museum:					
Salaries and Wages	34,000	29,309	29,309		-
Other Expenses	4,000	4,000	3,194	806	

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>BUDGET AFTER</u>	<u>EXPENDED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>PAID OR</u>	<u>BALANCES</u>
			<u>CHARGED</u>	<u>CANCELED</u>
			<u>RESERVED</u>	
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	33,812	35,431	35,431	-
Other Expenses	16,225	14,725	12,869	1,856
Zoning Costs:				
Salaries and Wages	20,628	20,628	20,628	-
Other Expenses	9,200	2,033	33	2,000
Zoning Board of Adjustment(Zoning Officer):				
Salaries and Wages	33,811	35,220	35,220	
Other Expenses	10,325	11,825	11,811	14
UNIFORM CONSTRUCTION CODE ENFORCEMENT:				
Other Expenses	100	100	-	100
INSURANCE:				
Liability & Other Insurance Premiums	141,293	165,410	165,410	
Workmens' Compensation	88,287	88,257	88,257	
Employee Group Health	512,370	540,332	504,004	36,328
PUBLIC SAFETY FUNCTIONS:				
Police Department:				
Salaries and Wages	1,126,241	1,169,241	1,155,293	13,948
Other Expenses	93,250	98,250	96,428	1,822
Office of Emergency Management:				
Salaries and Wages	2,750	2,750	2,750	
Other Expenses	2,500	1,500	1,102	398
Aid to Volunteer Fire Companies in Adjoining Mun.	125,000	125,000	125,000	-
Fire Department/Uniform Fire Safety Code:				
Salaries and Wages	17,000	7,000	3,685	3,315
Other Expenses:				
Fire Hydrant Services	750	750	483	267
Miscellaneous Other Expenses	2,275	2,275	1,552	723

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>		<u>BALANCES</u> <u>CANCELED</u>
PUBLIC WORKS FUNCTIONS:					
Streets and Road Maintenance:					
Salaries and Wages	589,967	594,967	589,858	5,109	
Other Expenses:					
Snow Removal	110,000	90,000	88,916	1,084	
Miscellaneous Other Expenses	252,000	252,000	236,257	15,743	
Solid Waste Collection(Recycling Program):					
Salaries and Wages	6,449	6,449	6,449		
Other Expenses	9,600	9,600	6,738	2,862	
Buildings and Grounds:					
Other Expenses	50,000	63,000	62,993	7	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Public Health Services(Board Of Health):					
Other Expenses	8,500	3,500	1,876	1,624	
Environmental Health Services:					
Other Expenses	1,000	1,000	47	953	
Animal Control Services:					
Salaries and Wages	5,859	6,372	6,372		
Other Expenses	3,050	-	-		
Contribution to Social Services Agencies:					
Other Expenses	500	500	500		
PARK AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Other Expenses:					
Senior Citizens	100	100	-	100	
Miscellaneous Other Expenses	6,500	6,500	2,855	3,645	
Maintenance of Parks:					
Other Expenses	15,000	-	-		
EDUCATION FUNCTIONS (Includes Library):					
Municipal/County Library:					
Other Expenses	67,674	71,174	69,926	1,248	

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>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> <u>BALANCES</u> <u>CANCELED</u>
OTHER COMMON OPERATING FUNCTIONS					
(Unclassified):					
Accumulated Leave Compensation	1,000	1,000	1,000	-	
Underground Storage Tank Remediation	2,500	2,740	2,740	-	
Provision for Salary Adjustment	68,000	-			
MUNICIPAL COURT:					
Other Expenses	26,100	26,100	26,100	-	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	50,000	49,000	47,962	1,038	
Street Lighting	5,000	4,500	3,802	698	
Telephone (excluding equipment acquisition)	12,000	10,500	8,202	2,298	
Gasoline	75,000	73,500	72,839	661	
Subtotal Operations within "CAPS"	4,192,340	4,193,190	4,025,589	167,601	
Contingent					
Total Operations Including Contingent	4,192,340	4,193,190	4,025,589	167,601	
Detail:					
Salaries and Wages	2,247,811	2,204,202	2,181,117	23,085	-
Other Expenses	1,944,529	1,988,988	1,844,472	144,516	
Deferred Charges and Statutory Expenditures within "CAPS"					
Statutory Expenditures :					
Social Security (O.A.S.I.)	209,584	208,734	204,757	3,977	
New Jersey Disability Fund	5,000	5,000	5,000	-	
Contribution to:					
PERS	164,722	164,722	164,722		
PFRS	298,285	298,285	298,285		
Total Deferred Charges and Statutory Expenditures within "CAPS"	677,591	676,741	672,764	3,977	
Total General Appropriations within "CAPS"	4,869,931	4,869,931	4,698,353	171,578	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>UNEXPENDED</u> <u>BALANCES</u> <u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
OPERATIONS EXCLUDED FROM "CAPS":				
Fire Department:				
LOSAP	10,800	10,800	-	10,800
Shared Services Agreements- Police Salary & Wages (SLEO's)	465,000	465,000	464,496	504
Total Other Operations Excluded from "CAPS"	475,800	475,800	464,496	11,304 -
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:				
Federal and State Grants:				
Clean Communities Program:				
Other Expenses - PY Unappropriated	27,457	27,457	27,457	
Stormwater Assistance Grant		75,000	75,000	
Community Project Funding Grant	750,000	750,000	750,000	
Police Body Armor Grant	2,044	2,044	2,044	
Drunk Driving - Prior Year	319	319	319	
Recycling Tonnage Grant	3,956	3,956	3,956	
American Rescue Plan - PY Unapprop.	318,245	318,245	318,245	
American Rescue Plan - Firefighter	8,500	8,500	8,500	
Total Public and Private Programs Offset by Revenues Excluded from "CAPS"	1,110,521	1,185,521	1,185,521	-
Total Operations Excluded from "CAPS"	1,586,321	1,661,321	1,650,017	11,304
Detail:				
Salaries and Wages	465,000	465,000	464,496	504
Other Expenses	1,121,321	1,196,321	1,185,521	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>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCES CANCELED</u>
Capital Improvements Excluded from "CAPS"					
Capital Improvement Fund	847,500	847,500	847,500	-	
Total Capital Improvements Excluded from "CAPS"	847,500	847,500	847,500	-	
Municipal Debt Service Excluded from "CAPS"					
Payment of Bond Anticipation and Capital Notes	287,684	287,684	287,684	-	-
Payment of Interest on Notes	18,241	18,241	18,190	\$	51
Total Municipal Debt Service Excluded from "CAPS"	305,925	305,925	305,874	-	51
DEFERRED CHARGES-MUNICIPAL EXCL. "CAPS"					
Deferred Charges:					
Deferred Charges - Special 5-Year	20,000	20,000	20,000		
Total Deferred Charges Excluded from "CAPS"	20,000	20,000	20,000	-	-
Total Gen. Appropriations Excluded from "CAPS"	2,759,746	2,834,746	2,823,391	11,304	51
Subtotal General Appropriations	7,629,677	7,704,677	7,521,744	182,882	51
Reserve For Uncollected Taxes	610,215	610,215	610,215		
TOTALS	\$ 8,239,892	\$ 8,314,892	\$ 8,131,959	\$ 182,882	\$ 51

REF.

A

A-1

	<u>REF.</u>	
Appropriated by 40A:4-87 (Chapter 159)	A-2	\$ 75,000
Adopted Budget	A-2	<u>8,239,892</u>
		<u>\$ 8,314,892</u>
Reserve for State Grants	A-20	\$ 1,185,521
Deferred Charges	A-25	20,000
Encumbrances	A-10	6,316,223
Reserve for Uncollected Taxes	A-2	<u>610,215</u>
		<u>\$ 8,131,959</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>12/31/23</u>	<u>12/31/22</u>
ASSETS			
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 51,912	\$ 54,790
Total Dog License Fund		<u>51,912</u>	<u>54,790</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	2,974,357	2,397,261
Due from Current Fund	B-6	-	259,656
Total Other Trust Funds		<u>2,974,357</u>	<u>2,656,917</u>
TOTAL ASSETS		<u>\$ 3,026,269</u>	<u>\$ 2,711,707</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Dog License Fund:			
Due to Current Fund	B-5	\$ 1,227	\$ 32
Due State of New Jersey	B-4	-	1,528
Reserve for Dog Fund Expenditures	B-3	<u>50,685</u>	<u>53,230</u>
Total Dog License Fund		<u>51,912</u>	<u>54,790</u>
Other Trust Fund:			
Due from Current Fund	B-6	5,918	-
Schedule of Reserve for Museum Donations	B-7	81,626	80,757
Schedule of Reserve for Developers' Deposits	B-8	107,595	81,125
Schedule of Reserve for Driveway Bonds	B-9	3,496	3,416
Schedule of Reserve for Unemployment Compensation	B-10	91,517	89,446
Schedule of Reserve for Library Trust	B-11	6,008	5,390
Schedule of Reserve for Recreation Commission	B-12	15,460	15,129
Schedule of Reserve for Fair Share Housing (COAH)	B-13	228,809	185,096
Schedule of Reserve for Off-Track Improvements	B-14	60,548	59,211
Schedule of Reserve for Open Space Deposits	B-15	1,410,922	1,333,862
Schedule of Reserve for Emergency Snow Removal	B-16	97,661	46,600
Schedule of Reserve for Accumulated Absences	B-17	316,944	309,161
Schedule of Reserve for Developers' Trust Escrow Deposits	B-18	193,178	138,727
Schedule of Reserve for Tax Sale Premiums	B-19	339,329	296,084
Schedule of Reserve for Environmental Trust Deposits	B-20	3,572	3,496
Schedule of Reserve for Off-Duty Police	B-21	15,275	5,528
Schedule of Reserve for Memorial Park	B-22	3,923	3,889
Schedule of Reserve for Technology Trust	B-23	<u>(7,424)</u>	<u>-</u>
Total Other Trust Fund		<u>2,974,357</u>	<u>2,656,917</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,026,269</u>	<u>\$ 2,711,707</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/23</u>		<u>BALANCE</u> <u>12/31/22</u>
ASSETS				
Cash and Cash Equivalents	C-2	\$ 1,705,924	\$	1,019,332
Deferred Charges to Future Taxation:				
Funded	C-3	9,034		44,983
Unfunded	C-4	<u>560,734</u>		<u>848,418</u>
TOTAL ASSETS		<u>\$ 2,275,692</u>		<u>\$ 1,912,733</u>
 LIABILITIES, RESERVES AND FUND BALANCE				
Amount Due Current Fund	C-5	\$ 20,150	\$	9,986
Amount Due Grants Fund	C-12	51,427		51,427
Capital Improvement Fund	C-6	1,228,665		381,165
State of New Jersey Trust Loan Program	C-7	9,034		44,983
Bond Anticipation Notes	C-8	337,000		624,684
Reserve for:				
Fire Truck and Ambulance	C-9	17,233		17,233
Fund Balance	C-1	57,310		57,310
Improvement Authorizations:				
Funded	C-10	397,878		508,868
Unfunded	C-10	133,608		133,608
Encumbrances	C-11	<u>23,387</u>		<u>83,469</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,275,692</u>		<u>\$ 1,912,733</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, 2022	C	\$ 57,310
Balance December 31, 2023	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, 2023

F

	<u>BALANCE</u> <u>12/31/23</u>	<u>BALANCE</u> <u>12/31/22</u>
General Fixed Assets:		
Land	\$ 3,510,219	\$ 3,510,219
Buildings	4,787,073	4,787,073
Machinery and Equipment	<u>9,951,582</u>	<u>9,909,815</u>
Total General Fixed Assets	<u>\$ 18,248,874</u>	<u>\$ 18,207,107</u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

	BALANCE <u>12/31/23</u>	BALANCE <u>12/31/22</u>
<u>ASSETS</u>		
Cash and Cash Equivalents:		
Cash - Treasurer	\$ 187,735	\$ 135,388
TOTAL ASSETS	<u>187,735</u>	<u>135,388</u>

LIABILITIES AND RESERVES

Payroll Deductions Payable	-	-
Imprest Balances	<u>187,735</u>	<u>135,388</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 187,735</u>	<u>\$ 135,388</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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023, 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, 2023

Note 2: CASH AND CASH EQUIVALENTS - (Continued)

Deposits:

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

	Cash and Cash Equivalents	Total
Checking	\$ <u>9,900,004</u>	\$ <u>9,900,004</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2023, was \$9,900,004 and the bank balance was \$9,971,771. 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, \$443,178 was covered by federal depository insurances and \$9,528,593 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	\$ 624,684	-	\$ 287,684	\$ 337,000
State Of New Jersey Loan Programs	44,983		35,949	9,034
Total Long-Term Obligations	<u>\$ 669,667</u>	<u>-</u>	<u>\$ 323,633</u>	<u>\$ 346,034</u>

Summary of Municipal Debt

	YEAR <u>2023</u>	YEAR <u>2022</u>	YEAR <u>2021</u>
Issued			
General:			
Bonds and Notes	\$ 346,034	\$ 669,667	\$ 1,063,355
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt Issued	<u>346,034</u>	<u>669,667</u>	<u>1,063,355</u>
Authorized But Not Issued	<u>223,734</u>	<u>223,734</u>	<u>223,734</u>
Total Authorized 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>\$ 569,768</u>	<u>\$ 893,401</u>	<u>\$ 1,287,089</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 0.053%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 807,869	\$ 807,869	
General Debt	<u>569,768</u>	<u>-</u>	<u>\$ 569,768</u>
	<u>\$ 1,377,637</u>	<u>807,869</u>	<u>\$ 569,768</u>

Net Debt \$ 569,768	Divided by Equalized Valuation Basis per	
N.J.S.A. 40A:2-2 as amended,	\$1,078,368,524	= 0.053%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 37,742,898
Net Debt	<u>569,768</u>
Remaining Borrowing Power	<u>\$ 37,173,130</u>

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

Calendar	<u>General</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	<u>\$ 9,034</u>	<u>\$ 361</u>
	<u>\$ 9,034</u>	<u>\$ 361</u>

General Obligation Loans

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, 2023, was \$9,034. 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, 2023, a bond anticipation note in the amount of \$337,000 payable to Amboy Bank. This note matures on July 19, 2024. The interest rate on the note was 4.45%. Principal and interest on these notes are paid from the current fund budget of the Township.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 3: LONG-TERM DEBT - (Continued)

	<u>Debt Outstanding</u>
Total General Capital Loans and Notes-Above	<u>\$ 346,034</u>

Note 4: GENERAL FIXED ASSETS

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

	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance 12/31/23</u>
Land	\$ 3,510,219	-	-	\$ 3,510,219
Buildings	4,787,073	-	-	4,787,073
Equipment	9,909,815	\$ 41,767	-	9,951,582
	<u>\$ 18,207,107</u>	<u>\$ 41,767</u>	<u>-</u>	<u>\$ 18,248,874</u>

	<u>Balance 12/31/21</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance 12/31/22</u>
Land	\$ 3,510,219	-	-	\$ 3,510,219
Buildings	4,787,073	-	-	4,787,073
Equipment	9,843,954	\$ 65,861	-	9,909,815
	<u>\$ 18,141,246</u>	<u>\$ 65,861</u>	<u>-</u>	<u>\$ 18,207,107</u>

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2023, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2024, were as follows:

Current Fund - \$800,000 *

*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 and raised over a five (5) year period. At December 31, 2023, the Township had \$20,000 in charges that are required to be liquidated in subsequent budgets. This amount resulted from \$100,000 of special emergency costs authorized by New Jersey statute N.J.S. 40A:4-53 for revaluation of property values. The \$20,000 balance in authorized costs will be raised in the subsequent budget. \$20,000 was raised in the 2024 budget.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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>12/31/23</u>	LOCAL DISTRICT <u>SCHOOL TAX</u> BALANCE <u>12/31/23</u>	BALANCE <u>12/31/22</u>	TOTAL DEFERRED TAX <u>12/31/22</u>	REGIONAL <u>HIGH SCHOOL TAX</u> BALANCE <u>12/31/23</u>	BALANCE <u>12/31/22</u>
Balance of Tax		\$ 1,095,175	\$ 938,039		\$ 1,392,200	\$ 1,204,251
Deferred		<u>4,616,263</u>	<u>4,616,263</u>		<u>1,837,452</u>	<u>1,837,452</u>
Tax Payable		<u>\$ 5,711,438</u>	<u>\$ 5,554,302</u>		<u>\$ 3,229,652</u>	<u>\$ 3,041,703</u>
Tax Deferred	<u>\$ 6,453,715</u>			<u>\$ 6,453,715</u>		

Note 8: PENSION PLANS

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: PENSION PLANS - (Continued)

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: PENSION PLANS (Continued)

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

At June 30, 2023, the municipality disclosed a liability of \$1,910,608 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2023. 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, 2022 and 2021. At June 30, 2022, the municipality's proportion was 0.0127% which was an increase of 0.00249% from its proportion measured as of June 30, 2021.

For the State fiscal year ended June 30, 2022, the municipality's portion of the plan's pension expense/(benefit) was (\$150,194). At June 30, 2022, 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	\$ 13,790	\$ 12,161
Changes of assumptions	5,920	286,094
Net difference between projected and actual earnings on pension plan investments	79,078	-
Changes in proportion and differences between municipality contributions and proportionate share of contributions	378,966	225,759
Total	<u>\$ 477,754</u>	<u>\$ 524,014</u>

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

	<u>Year Ended June 30:</u>	
	2023	2022
	\$38,009	
	19,364	
	9,444	
	(20,602)	
	45	
Total	<u>\$46,260</u>	
	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,972,782,878	\$15,031,343,079
municipality's proportionate share of net pension liability	\$1,205,350	\$1,910,608
municipality's proportion %	0.01006742%	0.01271083%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: PENSION PLANS (Continued)

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

Inflation:	2.75% Price, 3.25% Wage
Salary Increases:	2.75%-6.55% based on years of service
Investment Rate of Return:	7.00%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on 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, 2022 are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: PENSION PLANS (Continued)

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current Discount</u> <u>Rate (7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
municipality's proportionate share of the net pension liability	\$ 2,454,558	\$1,910,608	\$ 1,447,668

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: PENSION PLANS (Continued)

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.

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 2022 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, 2023, the municipality disclosed a liability of \$2,525,092 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2023. 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, 2022 and 2021. At June 30, 2022, the municipality's proportion was 0.022% which was a decrease of 0.0029% from its proportion measured as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: PENSION PLANS (Continued)

For the State fiscal year ended June 30, 2022, the municipality's portion of the plan's pension expense/(benefit) was (\$77,806). At June 30, 2022, 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	\$ 114,292	\$ 154,696
Changes of assumptions	6,920	317,859
Net difference between projected and actual earnings on pension plan investments	231,224	-
Changes in proportion and differences between municipality contributions and proportionate share of contributions	178,922	392,457
Total	\$ 531,358	\$ 865,012

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>	
	2023	(\$350,810)
	2024	(224,188)
	2025	(213,565)
	2026	446,105
	2027	4,301
	Thereafter	<u>4,508</u>
	Total	<u>(\$333,649)</u>
	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources (Non-Special Funding Situations)	\$6,875,738,520	\$2,163,793,985
Collective deferred inflows of resources (Non-Special Funding Situations)	817,271,932	2,805,919,493
Collective net pension liability (Non-Special Funding Situations)	\$9,364,849,587	\$13,483,472,009
Municipality's proportionate share of net pension liability (Non-Special Funding Situations)	\$1,827,413	\$2,525,092
Municipality's proportion %	0.02500000%	0.02206000%

Actuarial assumptions - The total pension liability in the July 1, 2021 actuarial valuation, which was rolled forward to June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75% (Price); 3.25% (Wage)
Salary Increases:	325%-16.25% based on years of service
Investment Rate of Return:	7.00%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: PENSION PLANS (Continued)

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on 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, 2023 are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: PENSION PLANS (Continued)

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current Discount</u> <u>Rate (7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
municipality's proportionate share of the net pension liability	\$ 3,464,679	\$2,525,092	\$ 1,742,818

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>6/30/2021</u>	<u>6/30/2022</u>
Collective net pension liability of the Nonemployer (State of New Jersey) - Special Funding Situation	\$2,055,697,552	\$2,037,115,883
State's portion of the net pension liability that was associated with the municipality - Special Funding Situation	\$513,960	\$449,392
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	0.025002%	0.022060%
Collective pension expense of the Nonemployer-(State of New Jersey) - Special Funding Situation	\$228,944,734	\$235,029,281
State's portion of the pension expense that was associated with the municipality - Special Funding Situation	\$57,240	\$51,848

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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-rpts-home.shtml>.

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

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

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

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, 2023

Note 8: PENSION PLANS (Continued)

<u>Three-Year Trend Information for PERS/PFRS</u>		
Year	Annual Pension Contribution (PERS)	Annual Pension Contribution (PFRS)
2023	\$164,722	\$298,285
2022	\$148,333	\$308,717
2021	\$146,912	\$294,199

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, 2023

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, 2022 and 2021 were \$5,462,303,132 and \$6,338,578,586, respectively, while for the nonspecial funding situation, the total OPEB liabilities were \$12,484,309,814 and \$9,452,773,649, 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, 2019 through June 30, 2022.

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

At June 30, 2023, the municipality disclosed a liability of \$303,935 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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, 2023. 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, 2021 through June 30, 2022. At June 30, 2022, the municipality's proportion was 0.00188% which was a decrease of 0.0218% from its proportion measured as of June 30, 2021.

For the State fiscal year ended June 30, 2022, the municipality's portion of the plan's OPEB expense/(benefit) was (\$5,568). At June 30, 2022, 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, 2023

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	\$ 15,696	\$ 56,337
Changes of assumptions	40,561	103,727
Net difference between projected and actual earnings on OPEB plan investments	80	-
Changes in proportion and differences between municipality contributions and proportionate share of contributions	4,890,930	5,888,055
Total	<u>\$ 4,947,267</u>	<u>\$ 6,048,119</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>
2023	(\$292,287)
2023	(292,551)
2024	(231,025)
2025	(103,172)
2026	(23,129)
Thereafter	<u>(158,688)</u>
Total	<u>(\$1,100,852)</u>

	<u>6/30/2021</u>	<u>6/30/2022</u>
Collective deferred outflows of resources - Non Special Funding	\$8,536,291,345	\$7,085,295,875
Collective deferred inflows of resources - Non Special Funding	12,481,961,743	8,360,942,740
Collective net OPEB liability - Non Special Funding	\$17,999,781,235	\$12,775,785,891
Municipality's proportionate share of net OPEB liability	\$4,263,428	\$303,935
Municipality's proportion %	0.023686%	0.001882%

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

	<u>Non Special</u> <u>Funding Situation</u>
Collective Plan Members June 30, 2022	84,057
Collective Plan Members June 30, 2021	82,906
Municipality's Plan Members June 30, 2022	2
Municipality's Plan Members June 30, 2021	25

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Actuarial assumptions - The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of July 1, 2021. 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:

Salary Increases (PERS):	2.75%-6.55 based years of service
Salary Increases (PFRS):	3.25%-16.25 based years of service

Preretirement mortality rates were based on the Pub-2010 Headcount-Weighted Healthy Employee Male /Female mortality table with fully generational mortality improvement projections from the central year using the MP-2022 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-2022 scale. Disability mortality was based on the Pub-2010 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2021 scale.

Certain actuarial assumptions used in the July 1, 2021 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 period July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate - The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, 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, 2023

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, 2022, 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, 2022		
	<u>1% Decrease</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$352,321	\$303,935	\$ 265,001
	June 30, 2021		
	<u>1% Decrease</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase</u>
Municipality's proportionate share of the net OPEB liability	\$5,017,202	\$4,263,428	\$ 3,666,122

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, 2022, 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, 2022		
	<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	\$257,828	\$303,935	\$ 362,959
	June 30, 2021		
	<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	\$3,556,978	\$4,263,428	\$ 5,185,181

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2022, the following employees were covered by the benefit terms:

	Special Funding Situation
Collective Plan Members June 30, 2022	16,440
Municipality's Plan Members June 30, 2022	11

Total OPEB Liability

	June 30, 2021	June 30, 2022
Collective net OPEB liability of the State of New Jersey - Special Funding Situation	\$3,861,357,890	\$3,373,809,587
Net OPEB liability of the State of New Jersey Associated with the Municipality	\$237,628	\$2,257,416

Actuarial assumptions - The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of July 1, 2021. 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:

Salary Increases (PERS):	2.75%-6.55 based years of service
Salary Increases (PFRS):	3.25%-16.25 based years of service

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Preretirement mortality rates were based on the Pub-2010 Headcount-Weighted Healthy Employee Male /Female mortality table with fully generational mortality improvement projections from the central year using the MP-2022 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-2022 scale. Disability mortality was based on the Pub-2010 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2022 scale.

Certain actuarial assumptions used in the July 1, 2021 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 period July 1, 2018 to June 30, 2021.

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 2023 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, 2022 and 2021 was 3.54% and 2.16%, 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 6/30/2021 - Special Funding Situation	\$3,861,357,890
<u>Changes for the year:</u>	
Net changes	(\$487,548,303)
The State's Total OPEB Liability Balance at 6/30/2022 - Special Funding Situation	<u>\$3,373,809,587</u>
The State's total OPEB liability associated with the Municipality	\$2,257,416

There were no changes of benefit terms.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2022, 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, 2022		
	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Current Discount</u> <u>Rate (3.54%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$3,910,920,073	\$3,373,809,587	\$ 2,941,624,579
	June 30, 2021		
	<u>1% Decrease</u> <u>(2.50%)</u>	<u>Current Discount</u> <u>Rate (2.16%)</u>	<u>1% Increase</u> <u>(4.50%)</u>
The State of New Jersey's net OPEB liability - Special Funding Situation	\$4,544,045,965	\$3,861,357,890	\$ 3,320,381,650

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, 2023, 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, 2022		
	<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	\$2,862,002,673	\$3,373,809,587	\$ 4,029,003,409
	June 30, 2021		
	<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	\$3,221,530,888	\$3,861,357,890	\$ 4,696,183,466

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2022, the State of New Jersey's OPEB expense was (\$553,375,659) and the amount of OPEB Expense associated with the municipality was (\$370,264).

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, 2023, the contingent liability associated with this benefit is estimated by management to be approximately \$300,000.

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, 2023

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, 2023:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 648,908	\$ 18,571
Federal/State Grants Fund	51,427	603,042
Dog Fund	-	1,227
Trust Fund	-	5,918
General Capital Fund	-	71,577
	<u>\$ 700,335</u>	<u>\$ 700,335</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.

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, 2022	A	\$ 4,002,785		\$ 638,596
Increased by Receipts:				
Collector	A-5	\$ 25,099,832		
Miscellaneous Revenue Not Anticipated	A-2	231,993		
Revenue Accounts Receivable	A-8	3,547,879		
Amount Due State of New Jersey for Senior Citizens/Veterans Deductions	A-18	35,238		
State Marriage Fees	A-24	579		
State Grant Funds	A-19	28,956		
State Grant Funds - Unappropriated	A-21	<u>34,004</u>	<u>28,978,481</u>	<u>\$ 13,895</u>
		32,981,266		<u>13,895</u>
				652,491
Decreased by Disbursements:				
Refund of Prior Year Revenues	A-1	59,274		
2022 Appropriation Reserves	A-11	101,706		
Reserves for Encumbrances	A-10	6,219,688		
Net Interfund Advances/(Returns)	A	354,453		
Refund of Tax Overpayments	A-22	3,889		
County Taxes	A-14	4,130,505		
Local District School Tax	A-15	11,265,740		
Regional School Tax	A-16	6,271,355		
Municipal Open Space Trust	A-17	92,825		
State Marriage Fee Payable	A-24	226		
State Grant Funds	A-20	<u>154,020</u>	<u>28,653,681</u>	<u>-</u>
				<u>-</u>
Balance December 31, 2023	A	<u>\$ 4,327,585</u>		<u>\$ 652,491</u>

CURRENT FUND
SCHEDULE OF CASH-COLLECTOR

A-5

	<u>REF.</u>		
Received:			
Miscellaneous Not Anticipated	A-2	\$ 12,720	
Interest and Costs on Taxes	A-2	70,094	
Taxes Receivable	A-6	24,713,121	
Tax Title Liens	A-7	1,691	
2023 Prepaid Taxes	A-12	220,917	
Tax Sale Premium	B	77,400	
Tax Overpayments	A-22	<u>3,889</u>	<u>\$ 25,099,832</u>
Decreased by Disbursements:			
Payments To Treasurer	A-4		<u>\$ 25,099,832</u>

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

<u>YEAR</u>	<u>BALANCE</u>	<u>2023</u>	<u>CASH COLLECTIONS</u>			<u>TRANSFER</u>	<u>BALANCE</u>
	<u>12/31/22</u>	<u>LEVY</u>	<u>2022</u>	<u>2023</u>	<u>CANCELED</u>	<u>TO</u> <u>TAX TITLE</u> <u>LIENS</u>	
2019	\$ 204						\$ 204
2022	333,273			\$ 312,014	\$ 21,086		173
	<u>333,477</u>	-	-	312,014	21,086	-	<u>377</u>
2023		\$ 24,974,908	\$ 239,720	24,436,345	(51,087)	\$ 28,716	321,214
TOTALS	\$ 333,477	\$ 24,974,908	\$ 239,720	\$ 24,748,359	\$ (30,001)	\$ 28,716	\$ 321,591
REF.	A		A-12			A-7	A

State of New Jersey-Senior Citizens/
Veterans Deductions
Received by Collector

A-2 \$ 35,238
A-5 24,713,121
\$ 24,748,359

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax		\$ 24,850,152	
Special District Taxes		92,825	
Added/Omitted Taxes (54:4-63.1 et.seq.)		<u>31,931</u>	<u>\$ 24,974,908</u>

Tax Levy:

Local District School Tax	A-15		\$ 11,422,876	
Regional High School Tax	A-16		6,459,304	
County Taxes:				
County Tax (Abstract)	A-14	\$ 3,453,394		
County Library Tax (Abstract)	A-14	339,111		
County Open Space (Abstract)	A-14	329,813		
Due County for Added and Omitted Taxes(54.4-63.1, et.seq.)	A-14	<u>5,252</u>	4,127,570	
Municipal Open Space	A-17		92,944	
Local Tax for Municipal Purposes	A-2		2,832,790	
Add: Additional Tax Levied			<u>39,424</u>	<u>\$ 24,974,908</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 237,755
Increased by:		
Interest and Costs		\$ 1,499
Transfers from Taxes Receivable	A-6	<u>28,716</u> <u>30,215</u>
		267,970
Decreased by:		
Canceled		-
Paid	A-5	<u>1,691</u> <u>1,691</u>
Balance December 31, 2023	A	<u><u>\$ 266,279</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/22</u>	<u>ACCRUED</u> <u>IN 2023</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>		<u>BALANCE</u> <u>12/31/23</u>
Clerk:						
Licenses:						
Alcoholic Beverages	A-2		\$ 15,000	\$ 15,000		
Municipal Court:						
Fines and Costs	A-2		45,040	45,040		
Interest on Investments and Deposits	A-2		136,115	136,115		
Energy Receipts Tax	A-2		2,645,172	2,645,172		
Garden State Trust Fund	A-2		18,975	18,975		
Municipal Relief Aid	A-2		274,012	274,012		
Shared Services Agreements	A-2	-	413,565	413,565		-
		-	-	-		-
Totals		-	\$ 3,547,879	\$ 3,547,879		-
	REF.			A-4		A

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

A-9

	<u>REF.</u>	
Balance December 31, 2022	A	<u>\$ 94,200</u>
Balance December 31, 2023	A	<u>\$ 94,200</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-10

	<u>REF.</u>		
Balance December 31, 2022	A	\$	63,079
Increased by:			
Transfer from Current Year Appropriations	A-3	\$	6,316,223
Transfer from Current Year Appropriations - Grants	A-20		36,552
Transfer from Current Year Appropriations - Non-budget	A-24		225
Additional/(Canceled) Encumbrance Appropriations		-	<u>6,353,000</u>
			6,416,079
Decreased by:			
Transfer to Appropriation Reserve	A-11		55,505
Encumbrances Paid	A-4	<u>6,219,688</u>	<u>6,275,193</u>
Balance December 31, 2023	A	\$	<u><u>140,886</u></u>

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2022

A-11

	<u>BALANCE</u> <u>12/31/22</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u>	<u>BALANCE</u> <u>LAPSED</u>
Municipal Clerk:				
Other Expenses	\$ 5,022	\$ 4,671	\$ 2,599	\$ 2,072
Financial/Tax Administration:				
Salaries & Wages	975	-	-	-
Other Expenses	-	478	478	-
Tax Collection:				
Other Expenses	213	694	688	6
Assessment of Taxes:				
Other Expenses	42,366	29,350	1,925	27,425
Legal Services:				
Other Expenses	35	3,370	3,370	-
Engineering:				
Other Expenses	-	7,475	7,475	-
Historical Sites Office				
Other Expenses	1,715	1,728	55	1,673
Aid to New Hampton				
Salaries & Wages	278	-	-	-
Other Expenses	3,034	3,058	72	2,986
Planning Board				
Other Expenses	7,465	7,494	1,230	6,264
Board of Adjustment:				
Other Expenses	3,548	3,578	928	2,650
Employee Group Insurance	10,621	-	-	-
Police:				
Salaries & Wages	28,254	45,000	-	45,000
Other Expenses	3,895	8,495	8,171	324
Fire Department:				
Other Expenses	2,992	2,992	161	2,831
Street and Road Maintenance:				
Salaries & Wages	7,580	-	-	-
Other Expenses	20,535	27,855	13,418	14,437
DPW-Roads-Snow	108	13,787	13,679	108
Buildings and Grounds:				
Other Expenses	-	6,774	6,774	-
Board of Health:				
Other Expenses	550	700	700	-
Recreation:				
Other Expenses	1,728	1,783	99	1,684
Aid to Library	2,276	3,025	2,472	553
Utility Expenses:				
Electricity	2,433	8,310	8,310	-
Street Lighting	351	666	666	-
Telephone	434	723	723	-
Gasoline	659	20,713	20,713	-
Social Security	147	-	-	-
LOSAP	10,800	10,800	7,000	3,800
Other Accounts - No Change	4,903	4,903	-	4,903
	\$ 162,917	\$ 218,422	\$ 101,706	\$ 116,716
REF.	A	A	A-4	A-1

Analysis of Balance:

Appropriation Reserves	A	\$ 162,917	
Reserve for Encumbrances	A-10	55,505	
		\$ 218,422	

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-12

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 239,720
Increased by:		
2024 Taxes Collected in Advance	A-5	<u>220,917</u>
		460,637
Decreased by:		
Applied to 2023 Taxes Receivable	A-6	<u>239,720</u>
Balance December 31, 2023	A	<u><u>\$ 220,917</u></u>

CURRENT FUND
SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES

A-13

	<u>REF.</u>	
Balance December 31, 2022	A	<u>\$ 5,625</u>
Balance December 31, 2023	A	<u>\$ 5,625</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-14

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 8,187
Increased by:		
2023 Levy:		
County Taxes	A-6	\$ 3,453,394
County Library Taxes	A-6	339,111
County Open Space Tax	A-6	329,813
Prior Year Added and Omitted Taxes	A-6	<div style="display: flex; justify-content: space-between; align-items: flex-end;"> 5,252 4,127,570 </div>
		4,135,757
Decreased by:		
Payments	A-4	4,130,505
Balance December 31, 2023	A	\$ 5,252

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

REF.

Balance December 31, 2022:		
School Tax Payable	\$ 938,039	
School Tax Deferred	A <u>4,616,263</u>	\$ 5,554,302
Increased by:		
Levy - School Year July 1, 2023 to June 30, 2024	A-6	<u>11,422,876</u>
		16,977,178
Decreased by:		
Payments	A-4	<u>11,265,740</u>
Balance December 31, 2023:		
School Tax Payable	A 1,095,175	
School Tax Deferred	<u>4,616,263</u>	<u>\$ 5,711,438</u>
 2023 Liability for Local District School Tax:		
Tax Paid		\$ 11,265,740
Tax Payable 12/31/23		<u>5,711,438</u>
		16,977,178
		-
Less -- Tax Payable 12/31/22		<u>5,554,302</u>
 Amount Charged to 2023 Operations	 A-1	 <u>\$ 11,422,876</u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-16

	<u>REF.</u>		
Balance December 31, 2022:			
School Tax Payable		\$ 1,204,251	
School Tax Deferred	A	<u>1,837,452</u>	\$ 3,041,703
Increased by:			
Levy - School Year July 1, 2023 to June 30, 2024	A-6		<u>6,459,304</u>
			9,501,007
Decreased by:			
Payments	A-4		<u>6,271,355</u>
Balance December 31, 2023:			
School Tax Payable	A	1,392,200	
School Tax Deferred		<u>1,837,452</u>	<u>\$ 3,229,652</u>
 2023 Liability for Regional High School Tax:			
Tax Paid			\$ 6,271,355
Tax Payable 12/31/23			<u>3,229,652</u>
			9,501,007
			-
Less -- Tax Payable 12/31/22			<u>3,041,703</u>
 Amount Charged to 2023 Operations	 A-1		 <u>\$ 6,459,304</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-17

	<u>REF.</u>						
Balance December 31, 2022	A	\$	207				
Increased by:							
2023 Municipal Open Space Tax	A-6	\$	92,825				
Added/Omitted Taxes - 2023	A-6		<table style="width: 100%; border-collapse: collapse; margin-left: 100px;"> <tr> <td style="border-bottom: 1px solid black; width: 100px; text-align: right;">119</td> <td style="border-bottom: 1px solid black; width: 100px; text-align: right;">92,944</td> </tr> <tr> <td style="text-align: right;">93,151</td> <td></td> </tr> </table>	119	92,944	93,151	
119	92,944						
93,151							
Decreased by:							
Transfer to Open Space Trust Fund	A-4		<table style="width: 100%; border-collapse: collapse; margin-left: 100px;"> <tr> <td style="border-bottom: 1px solid black; width: 100px; text-align: right;">92,825</td> </tr> </table>	92,825			
92,825							
Balance December 31, 2023	A	\$	<u>326</u>				

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, 2022	A	\$ (4,889)
Increased by:		
Senior Citizens Deductions Per Tax Billings	A-6	\$ 2,500
Veterans Deductions per Tax Billings	A-6	<u>32,750</u>
		<u>35,250</u>
		30,361
Decreased by:		
Disallowed		12
Received in Cash from State	A-4	<u>35,238</u>
		<u>35,250</u>
Balance December 31, 2023	A	<u>\$ (4,889)</u>

CURRENT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/22</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/23</u>
NJ Transit-Penwell Road	\$ 22,500			\$ 22,500
Neighborhood Preservation Balanced Housing	5,000			5,000
NJDEP Grant - Back Hoe	55,026			55,026
NJDOT Grant Hickory Run Guard Rails	50,298			50,298
NJDOT Grant Sliker Road	46,250			46,250
NJDOT Grant Anthony Road	210,000			210,000
NJDOT Grant Hollow Hills	50,505			50,505
NJDOT East Hill Road	183,500			183,500
NJDOT Little Brook Road	162,360			162,360
FEMA Generator Grant	81,041			81,041
Stormwater Grant	2,500			2,500
Highlands Water Protection	139,144			139,144
Recycling Tonnage Grant	-	\$ 3,956	\$ 3,956	-
Community Funding Grant	-	750,000		750,000
ARP - Firefighter Grant	-	8,500		8,500
Stormwater Grant	-	75,000	25,000	50,000
Totals	\$ 1,008,124	\$ 837,456	\$ 28,956	\$ 1,816,624
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS-APPROPRIATED

A-20

	BALANCE <u>12/31/22</u>	TRANSFER FROM 2023 BUDGET APPROPRIATIONS	TRANSFER FROM APPROPRIATION BY 40A:4-87	EXPENDED	BALANCE <u>12/31/23</u>
Clean Communities - Current		\$ 27,457			\$ 27,457
Clean Communities - Prior Years	\$ 17,622			15,429	2,193
Drunk Driving Enforcement Fund	2,107	319			2,426
Recycling Tonnage Grant CY 23		3,956		3,550	406
Recycling Tonnage Grant CY 22	3,972			3,972	-
Recycling Tonnage Grant CY 21	4,099			4,099	-
Recycling Tonnage Grant CY 19	4,886			4,886	-
Recycling Tonnage Grant CY 17	3,221			3,221	-
NJDOT-Penwell Road	27,593				27,593
Body Armor CY23	-	2,044		2,044	-
Body Armor CY21	720			720	-
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			23,000	94,371
Stormwater Grant	-		\$ 75,000		75,000
NJDEP Backhoe Grant	86,216				86,216
NJDOT Little Brook Road	162,360				162,360
Neighborhood Preservation - Balanced Housing	355				355
Law and Public Safety Grant	66,911				66,911
Environmental Protection Grant	7,232				7,232
American Rescue Plan (ARP)	318,245	318,245		129,651	506,839
ARP Firefighter		8,500			8,500
Police Body Worn Camera	20,380				20,380
National Police Assoc. Grant	371				371
Community Funding Project		750,000			750,000
Totals	<u>\$ 874,652</u>	<u>\$ 1,110,521</u>	<u>\$ 75,000</u>	<u>\$ 190,572</u>	<u>\$ 1,869,601</u>

REF .	A	A-3	A-3		A
	Cash	A-4		\$ 154,020	
	Encumbrances	A-10		36,552	
				<u>\$ 190,572</u>	

CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS-UNAPPROPRIATED

A-21

	<u>BALANCE</u> <u>12/31/22</u>	<u>TRANSFER</u> <u>TO</u> <u>2023 BUDGET</u> <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/23</u>
Drunk Driving Enforcement Fund	\$ 319	\$ 319	\$ 1,603	\$ 1,603
Clean Communities	27,457	27,457	30,796	30,796
Body Armor	2,044	2,044	1,652	1,652
American Rescue Plan (ARP)	318,245	318,245	13,848	13,848
Totals	\$ 348,065	\$ 348,065	\$ 47,899	\$ 47,899

REF .	A	A-20	A-4	A
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CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-22

REF.

Increased by:

2023 Tax Overpayments

A-5

\$ 3,889

Decreased by:

Refunds

A-4

\$ 3,889

CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA

A-23

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 131,171
Balance December 31, 2023	A	<u>\$ 131,171</u>

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

A-24

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 311
Increased by:		
Receipts	A-4	<u>579</u>
		890
Decreased by:		
Encumbured	A-10	\$ 225
Remittances	A-4	<u>226</u> <u>451</u>
Balance December 31, 2023	A	<u>\$ 439</u>

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 12/31/22</u>	<u>AMOUNT RAISED IN 2023 BUDGET</u>	<u>BALANCE 12/31/23</u>
Special Emergency (40A:4-53)	Tax Reassessment	6/15/19	\$ 100,000	\$ 40,000	\$ 20,000	\$ 20,000
Totals				\$ 40,000	\$ 20,000	\$ 20,000
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, 2022	B	<u>\$ 54,790</u>	<u>\$ 2,397,261</u>
Increased by Receipts:			
Dog License Fees	B-3	10,762	
State Dog License Fees	B-4	1,451	
Due Current Fund	B-5:6	1,227	265,700
Museum Deposits	B-7		2,023
Developers Deposits	B-8		31,863
Driveway Bond Deposits	B-9		830
Unemployment Compensation Insurance	B-10		7,150
Library Fund Deposits	B-11		1,098
Recreation Commission Deposits	B-12		331
Fair Share Housing(COAH) Deposits	B-13		43,853
Off-Track Improvements Deposits	B-14		1,337
Open Space Deposits	B-15		125,191
Emergency Snow Removal	B-16		51,061
Accumulated Absences Deposits	B-17		7,783
Developers Escrow	B-18		70,330
Tax Sale Premiums	B-19		83,238
Environmental Trust Deposits	B-20		76
Off-Duty Police Fees	B-21		79,747
Memorial Park Deposits	B-22		5,352
Technology Trust Deposits	B-23		416
Total Receipts		<u>13,440</u>	<u>777,379</u>
		68,230	3,174,640
Decreased by Disbursements:			
Expenditures Under R. S. 4:19-15.11	B-3	14,835	
State Dog License Fees	B-4	1,451	
Due Current Fund	B-5:6	32	
Museum Expenses	B-7		1,154
Developers Expenses	B-8		5,393
Driveway Refunds	B-9		750
Unemployment Compensation Insurance Transfers	B-10		5,079
Library Expenditures	B-11		480
Fair Share Housing	B-13		140
Off-Track Improvements	B-14		-
Open Space Payments	B-15		48,250
Storm Payments	B-16		-
Developers Escrow	B-18		15,879
Tax Sale Premiums	B-19		40,000
Environmental Trust Disbursements	B-20		-
Off-Duty Police Expenditures	B-21		70,000
Memorial Park Expenditures	B-22		5,318
Technology Trust Expenditures	B-23		7,840
Total Disbursements		<u>16,318</u>	<u>200,283</u>
Balance December 31, 2023	B	<u>\$ 51,912</u>	<u>\$ 2,974,357</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>					
Balance December 31, 2022	B	\$ 53,230				
Increased by:						
Prior Year Adjustment Due State	B-4	\$ 1,528				
Dog License Fees Collected	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">10,762</td> <td style="text-align: right; border-bottom: 1px solid black;">12,290</td> </tr> <tr> <td></td> <td style="text-align: right;">65,520</td> </tr> </table>	10,762	12,290		65,520
10,762	12,290					
	65,520					
Decreased by:						
Expenditures Under R.S. 4:29-15.11	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td></td> <td style="text-align: right; border-bottom: 1px solid black;">14,835</td> </tr> </table>		14,835		
	14,835					
Balance December 31, 2023	B	<u>\$ 50,685</u>				

Animal Control Fees Collected:			
2022	\$ 11,295		
2021	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">13,038</td> </tr> <tr> <td style="text-align: right;"><u>\$ 24,333</u></td> </tr> </table>	13,038	<u>\$ 24,333</u>
13,038			
<u>\$ 24,333</u>			

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

B-4

	<u>REF.</u>	
Balance December 31, 2022	B	\$ 1,528
Increased by:		
Collected in 2023:		
State Board of Health Fees	B-2	<u>1,451</u> 2,979
Decreased By:		
Prior Year Adjustment Due State	B-3	\$ 1,528
Payments	B-2	<u>1,451</u> <u>2,979</u>
Balance December 31, 2023	B	<u><u>-</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2022	B	\$ 32
Increased by:		
Interest Credits	B-2	<u>1,227</u> 1,259
Decreased by:		
Transfer to Current Fund	B-2	<u>32</u>
Balance December 31, 2023	B	<u>\$ 1,227</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, 2022	B		\$ (259,656)
Increased by:			
Interfund Transfer - Beginning Balance Tax Sale Premiums	B-2	\$ 265,700	
Outside Liens Refunded by Current Fund	B-19	<u>117,584</u>	<u>383,284</u>
			123,628
Decreased by:			
Added/Omitted Taxes - Municipal Open Space	B-15	119	
Outside Liens Collected by Current Fund	B-19	<u>117,591</u>	<u>117,710</u>
Balance December 31, 2023	B		<u>\$ 5,918</u>

Detail:

	<u>Prior Year</u>	<u>Current Year</u>
Debt Service Adjustment Prior Years	\$ (8,832)	\$ (8,832)
Municipal Open Space	(207)	(326)
Off Track Improvements	1,920	1,920
Unemployment	10,201	10,201
Accumulated Absences	1,000	1,000
Outside Liens	(18,238)	(18,245)
Technology Trust	20,000	20,000
Memorial Park	200	200
Tax Sale Premiums	<u>(265,700)</u>	<u>-</u>
	<u>\$ (259,656)</u>	<u>\$ 5,918</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUSEUM DONATIONS

B-7

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 80,757
Increased by:		
Museum Deposits	B-2	<u>2,023</u>
		82,780
Decreased by:		
Museum Disbursements	B-2	<u>1,154</u>
Balance December 31, 2023	A	<u>\$ 81,626</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS' DEPOSITS

B-8

REF.

Balance December 31, 2022	A	\$ 81,125
Increased by:		
Developers Deposits	B-2	<u>31,863</u>
		112,988
Decreased by:		
Developers Payments	B-2	<u>5,393</u>
Balance December 31, 2023	A	<u>\$ 107,595</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-9

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 3,416
Increased by:		
Driveway Deposits	B-2	<u>830</u> 4,246
Decreased by:		
Driveway Refunds	B-2	<u>750</u>
Balance December 31, 2023	A	<u>\$ 3,496</u>

TRUST FUND
SCHEDULE OF UNEMPLOYMENT COMPENSATION INSURANCE
TRUST DEPOSITS

B-10

REF.

Balance December 31, 2022	B		\$ 89,446
Increased by:			
Budget Appropriation Received	B-2	\$ 5,000	
Interest Credits	B-2	<u>2,150</u>	<u>7,150</u>
			96,596
Decreased by:			
Unemployment Claims	B-2		<u>5,079</u>
Balance December 31, 2023	B		<u>\$ 91,517</u>

TRUST FUND
SCHEDULE OF RESERVE FOR LIBRARY FUND

B-11

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 5,390
Increased by:		
Deposits and Interest Credits	B-2	<u>1,098</u>
		6,488
Decreased by:		
Expenditures	B-2	<u>480</u>
Balance December 31, 2023	A	<u>\$ 6,008</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

B-12

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 15,129
Increased by:		
Interest Earned	B-2	<u>331</u>
		15,460
Balance December 31, 2023	A	<u>\$ 15,460</u>

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

B-13

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 185,096
Increased by:		
COAH Deposits Received	B-2	<u>43,853</u>
		228,949
Decreased by:		
COAH Payments	B-2	<u>140</u>
Balance December 31, 2023	A	<u>\$ 228,809</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OFF-TRACK IMPROVEMENTS

B-14

	<u>REF.</u>	
Balance December 31, 2022	A	\$ 59,211
Increased by:		
Interest Earned	B-2	<u>1,337</u>
		60,548
Balance December 31, 2023	A	<u>\$ 60,548</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST DEPOSITS

B-15

	<u>REF.</u>		
Balance December 31, 2022	B	\$	1,333,862
Increased by:			
Open Space Levy-2023	B-2	\$	92,825
Added/Omitted Taxes - Municipal Open Space	B-6		119
County Receipt	B-2		3,500
Interest Credits	B-2		<u>28,866</u>
			<u>125,310</u>
			1,459,172
Decreased by:			
Professional Fees and Open Space Expenditures	B-2		11,309
NJ Environment Infrastructure Trust Debt Service	B-2		<u>36,941</u>
			<u>48,250</u>
Balance December 31, 2023	B	\$	<u><u>1,410,922</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR EMERGENCY SNOW REMOVAL

B-16

	<u>REF.</u>	
Balance December 31, 2022	B	\$ 46,600
Increased by:		
Budget Appropriation Received	B-2	\$ 50,000
Deposits	B-2	<u>1,061</u>
		<u>51,061</u>
		97,661
Balance December 31, 2023	B	<u>\$ 97,661</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES

B-17

	<u>REF.</u>		
Balance December 31, 2022	A	\$	309,161
Increased by:			
Current Fund Budgeted Appropriation	B-2	\$	1,000
Interest	B-2	<u>6,783</u>	<u>7,783</u>
			316,944
Balance December 31, 2023	A	<u>\$</u>	<u>316,944</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW

B-18

	<u>REF.</u>	
Balance December 31, 2022	B	\$ 138,727
Increased by:		
Escrow Deposits	B-2	<u>70,330</u>
		209,057
Decreased by:		
Deposits Returned	B-2	<u>15,879</u>
Balance December 31, 2023	B	<u>\$ 193,178</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS AND OUTSIDE LIENS

B-19

	<u>REF.</u>		
Balance December 31, 2022	B	\$	296,084
Increased by:			
Tax Sale Premiums Received	B-2	\$	77,400
Outside Liens Received	B-6		117,591
Interest Credits	B-2		5,838
			200,829
			496,913
Decreased by:			
Outside Liens Refunded	B-6		117,584
Tax Sale Premiums Refunded	B-2		40,000
			157,584
Balance December 31, 2023	B	\$	339,329
Tax Sale Premiums		\$	321,084
Outside Liens			18,245
		\$	339,329

TRUST FUND
SCHEDULE OF RESERVE FOR ENVIRONMENTAL TRUST FUND

B-20

	<u>REF.</u>	
Balance December 31, 2022	B	\$ 3,496
Increased by:		
Interest Earned	B-2	<u> 76</u> 3,572
Balance December 31, 2023	B	<u>\$ 3,572</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OFF-DUTY POLICE

B-21

	<u>REF.</u>	
Balance December 31, 2022	B	\$ 5,528
Increased by:		
Fees	B-2	79,747
		<u>85,275</u>
Decreased by:		
Payroll Expenditures and Costs	B-2	<u>70,000</u>
Balance December 31, 2023	B	<u>\$ 15,275</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MEMORIAL PARK

B-22

	<u>REF.</u>	
Balance December 31, 2022	B	\$ 3,889
Increased by:		
Escrow Deposits	B-2	<u>5,352</u>
		9,241
Decreased by:		
Expenditures	B-2	<u>5,318</u>
Balance December 31, 2023	B	<u><u>\$ 3,923</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR TECHNOLOGY TRUST

B-23

REF.

Increased by:

Interest Earned	B-2	\$ <u>416</u>
		416

Decreased by:

Reimburse Expenditures Paid by Current Fund	B-2	<u>7,840</u>
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Balance December 31, 2023	B	<u>\$ (7,424)</u>
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GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2022	C		\$ 1,019,332
Increased by Receipts:			
Interest Credits	C-5	\$ 20,150	
Capital Improvement Fund - Current Fund Appropriation	C-6	847,500	
Interfund Balances Advanced-Current Fund	C-5	305,874	
Bond Anticipation Note Proceeds-Renewal	C-5	<u>337,000</u>	<u>1,510,524</u>
			2,529,856
Decreased by Disbursements:			
Improvement Authorizations Paid	C-10	98,348	
Prior Year Encumbrances Liquidated	C-11	72,724	
Beginning Interfund Balance Liquidated - Current Fund	C-5	9,986	
Bond Anticipation Note Payment	C-5	<u>642,874</u>	<u>823,932</u>
Balance December 31, 2023	C		<u>\$ 1,705,924</u>

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

C-3

	<u>REF.</u>	
Balance December 31, 2022	C	\$ 44,983
Decreased by:		
New Jersey Trust Loan Paid by Open Space Trust Fund	C-7	<u>35,949</u>
		35,949
Balance December 31, 2023	C	<u>\$ 9,034</u>

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

C-4

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE <u>12/31/22</u>	NOTES PAID BY BUDGET <u>APPROPRIATION</u>	BALANCE <u>12/31/23</u>	<u>ANALYSIS OF BALANCE</u>	
					DEBT AUTHORIZED, <u>NOT ISSUED</u>	DEBT ISSUED (BAN'S)
05-14	Acquisition of Development and Easement Rights	\$ 122,909		\$ 122,909	\$ 122,909	-
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	71,250	\$ 71,250	-		-
12-01	Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	54,625	54,625	-		-
13-09	DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	65,309	65,309	-		-
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.	196,000	49,000	147,000		\$ 147,000
17-4	New Automotive Vehicles	237,500	47,500	190,000		190,000
		\$ 848,418	\$ 287,684	\$ 560,734	\$ 223,734	\$ 337,000
REF.		C	C-8	C		C-8

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-5

	REF.		
Balance December 31, 2022		\$	9,986
Increased by:			
Interest Credits	C-2	\$ 20,150	
Bond Anticipation Note Proceeds-Renewal	C-2	337,000	
Interfund Balances Advanced-Current Fund Budgeted Debt Service Principle and Interest	C-2	<u>305,874</u>	<u>663,024</u>
			673,010
Decreased by:			
Beginning Interfund Balance Liquidated - Current Fund	C-2	9,986	
Bond Anticipation Notes Principle and Interest Paid from General Capital Fund	C-2	<u>642,874</u>	<u>652,860</u>
Balance December 31, 2023	C	\$	<u>20,150</u>

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

REF.

Balance December 31, 2022	C	\$ 381,165
Increased by:		
2023 Budget Appropriations	C-2	<u>847,500</u>
		1,228,665
Balance December 31, 2023	C	<u>\$ 1,228,665</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 12/31/22</u>	<u>DECREASED</u>	<u>BALANCE 12/31/23</u>
New Jersey Environmental Infrastructure Trust-Loan Program	1/1/04	03-10	\$470,135	2023-2023	\$22,208 to \$26,904	None	\$ 13,210	\$ 13,210	-
New Jersey Environmental Infrastructure Trust-Loan Program	1/1/04	03-10	\$175,000	2023-2023	\$5,000 to \$15,000.	3.0% to 5.0%	13,684	13,684	-
New Jersey Environmental Infrastructure Trust-Loan Program	10/13/04	04-08	\$120,000	2023-2024	\$5,000 to \$10,000	3.0% to 5.0%	18,089	9,055	\$ 9,034
							\$ 44,983	\$ 35,949	\$ 9,034
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 12/31/2022</u>	<u>DECREASED</u>	<u>BALANCE 12/31/2023</u>
11-10	Supplemental Funding of DPW Garage, Amendment of Ordinance #2012-07 and 2009-07	9/6/13	7/21/2023	7/19/24	4.45%	\$ 71,250	\$ 71,250	-
12-01	Road Resurfacing Program ; DPW Dump Truck; DPW Road Maintainer Machine.	9/6/13	7/21/2023	7/19/24	4.45%	54,625	54,625	-
13-09	DPW Dump Trucks/apparatus, Road Resurfacing, Muni Bldg Septic System	9/6/13	7/21/2023	7/19/24	4.45%	65,309	65,309	-
17-4	Resurface Red Mill Road; Sealing program; Calcium Storage Tank; Electronic Message Sign; Museum Improvements	8/24/17	7/21/2023	7/19/24	4.45%	237,500	47,500	\$ 190,000
15-09	Road resurfacing, new automotive vehicles including orig. apparatus and equipment consisting of DPW dump trucks.	1/29/16	7/21/2023	7/19/24	4.45%	196,000	49,000	147,000
						\$ 624,684	\$ 287,684	\$ 337,000

REF.

C

C-4

C

Charged As Follows:
Current Fund Budget
Total

A-3

Principal
\$ 287,684
\$ 287,684

Actual
Interest
\$ 18,190
\$ 18,190

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

C-9

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/22</u>	<u>BALANCE</u> <u>12/31/23</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>BALANCE 12/31/22</u>		<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/23</u>	
		<u>DATE</u>	<u>AMOUNT</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		\$ 31,208			\$ 31,208
Road Resurfacing, Fueling Station, Tractor, Mower, Backhoe	10-14	10/20/10	665,000		11,871			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		28,549			28,549
New Automotive Vehicles and Museum Improvements	16-02	2/17/16	400,000		10,403			10,403
Various road resurfacing	17-04	8/2/17	382,000	47,076			47,076	
Road Resurfacing, Chip Seal, Mason Dump Truck, SUV's for Police Dept., SCUBA for Fire Dept.	19-02	5/22/19	490,000	23,600			23,600	
Road Improvements, Police Veh. & Equip, DPW Equip, Fire Equip.	21-06	5/19/21	622,000	4,780		\$ 35,807	(31,027)	
Road Imp, Police Veh & Equip, DPW Equip, Fire Equip, Bldg Imp	22-07	10/21/22	694,251	431,876		75,183	356,693	

\$ 508,868	\$ 133,608	\$ 110,990	\$ 397,878	\$ 133,608
C	C		C	C

REF.

C-2	\$ 98,348
C-12	-
C-11	<u>12,642</u>
	<u>\$ 110,990</u>

GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES

C-11

	<u>REF.</u>		
Balance December 31, 2022	C	\$	83,469
Increased by:			
Improvement Authorizations	C-10		<u>12,642</u>
			96,111
Decreased by:			
Prior Year Encumbrances Liquidated	C-2		<u>72,724</u>
Balance December 31, 2023	C	\$	<u><u>23,387</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE GRANTS FUND

C-12

	REF.	
Balance December 31, 2022		<u>\$ 51,427</u>
Balance December 31, 2023	C	<u>\$ 51,427</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2023

F-1

	BALANCE <u>12/31/22</u>	ADDITIONS	BALANCE <u>12/31/23</u>
General Fixed Assets:			
Land	\$ 3,510,219		\$ 3,510,219
Buildings	4,787,073		4,787,073
Machinery and Equipment	<u>9,909,815</u>	<u>\$ 41,767</u>	<u>9,951,582</u>
 Total General Fixed Assets	 <u>\$ 18,207,107</u>	 <u>\$ 41,767</u>	 <u>\$ 18,248,874</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 4, 2023, 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 4, 2023, 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, 2023, include property taxes outstanding from the 2019 and 2023 tax levies.

A tax sale was held on December 15, 2023 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>
2023	31
2022	32
2021	30

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of November 15, 2023. 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, 2023				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circulars</u>	<u>Total No. Returned</u>
2023 Property Tax	Positive	2,954	25	12
2024 Property Tax	Positive	2,954	25	12

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 2023 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 2023</u>	<u>%</u>	<u>YEAR 2022</u>	<u>%</u>
Fund Balance Utilized	\$ 800,000	2.58%	\$ 550,000	1.93%
Miscellaneous - From Other Than				
Local Property Tax Levies	5,166,150	16.69%	4,193,932	14.69%
Collection of Delinquent Taxes and				
Tax Title Liens	313,705	1.01%	336,435	1.18%
Collection of Current Tax Levy	<u>24,676,065</u>	<u>79.71%</u>	<u>23,460,668</u>	<u>82.20%</u>
Total Income	<u>30,955,920</u>	<u>100.00%</u>	<u>28,541,035</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	7,611,682	25.35%	6,279,003	22.54%
Open Space Trust	92,944	0.31%	93,255	0.33%
County Taxes	4,127,570	13.74%	3,717,334	13.34%
Local and Regional Taxes	17,882,180	59.55%	17,192,011	61.71%
Other Expenditures	<u>316,906</u>	<u>1.06%</u>	<u>577,668</u>	<u>2.07%</u>
Total Expenditures	<u>30,031,282</u>	<u>100.00%</u>	<u>27,859,271</u>	<u>100.00%</u>
Excess in Revenue	924,638		681,764	
Statutory Excess to Fund Balance	924,638		681,764	
Fund Balance January 1	1,024,940		893,176	
Less:				
Utilization as Anticipated Revenue	<u>800,000</u>		<u>550,000</u>	
Fund Balance December 31	<u>\$ 1,149,578</u>		<u>\$ 1,024,940</u>	

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	<u>\$2.686</u>	<u>\$2.557</u>	<u>\$2.465</u>
<u>Apportionment of Tax Rate:</u>			
Municipal Open Space	0.010	0.010	0.010
Municipal	0.305	0.299	0.294
County	0.409	0.367	0.349
County Open Space	0.035	0.032	0.031
Local School	1.231	1.195	1.153
Regional High School	0.696	0.654	0.628

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2023	\$928,251,442
2022	\$930,317,235
2021	\$932,098,842

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>
2023	\$24,974,908	\$24,676,065	98.80%
2022	\$23,840,789	\$23,460,668	98.40%
2021	\$23,011,587	\$22,627,991	98.33%

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>
2023	\$266,279	\$321,591	\$587,870	2.35%
2022	\$237,755	\$333,477	\$571,232	2.40%
2021	\$217,822	\$343,180	\$561,002	2.44%

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>
2023	\$94,200
2022	\$94,200
2021	\$94,200

Comparitive Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>		<u>Utilized In Budget of Succeeding Year</u>	
			<u>Regular</u>	<u>Defer School Tax</u>
2023	\$ 1,149,578	*	\$ 800,000	None
2022	\$ 1,024,940		\$ 800,000	None
2021	\$ 893,176		\$ 550,000	None
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

*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>
Beverly Koehler	Mayor		
Thomas McKee	Committee		
Abe Abuckowski	Committee		
Brian Wunder	Committee		
Mike Schmidt	Committee		
Carolynn Budd (Current)	Township Clerk		
Karen Sandorse (Prior)	Township Clerk		

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Gregory J. Della Pia	Certified Municipal Finance Officer	\$2,000,000	Statewide Insurance Fund
Ann Marie Silvia	Tax Collector	\$2,000,000	Statewide Insurance Fund
Mark Roselli	Attorney		
Erica Brandmaier	Assessor		

The minimum bond coverage for the Certified Municipal Finance Officer (CMFO) and Tax Collector based on prior years' revenues and tax levies is as follows:

<u>Year</u>	<u>CMFO</u>	<u>Amount</u>
2023	\$125,000	\$139,102

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

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

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

Independent Auditor's Report

The Honorable Mayor and
Members of the Township Committee
Township of 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, 2023 and 2022, 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 April 25, 2024, which indicated that the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report of Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

April 25, 2024

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & COMPANY LLC

Frenchtown, New Jersey

April 25, 2024

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

K-3

FEDERAL GRANTOR/PROGRAM TITLE	Federal Assistance Listing No.	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE	RECEIPTS		DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE	TOTAL	
					1/1/2023	PROGRAM	OTHER	DISBURSEMENTS	12/31/2023	DISBURSEMENTS	
US DEPARTMENT OF HOMELAND SECURITY											
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	
US DEPT. OF TRANSPORTATION (Passed Through NJ Department of Transportation)											
NJ Transportation Fund Authority Act											
Penwell Road	20.600	N/A	Prior Years	A	5,093				5,093		
East Hill Road	20.600	183,500	2021	A	(183,500)				(183,500)	183,500	
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	(46,250)				(46,250)	185,000	
Hollow Hills	20.600	150,000	2020	A	(50,505)				(50,505)	150,000	
Little Brook Road	20.600	162,360	2022	A	-				-	-	
US DEPT. OF TREASURY (Passed Through NJ Department of Treasury)											
Coronavirus State and Local Fiscal Recovery Funds (SLFRF); American Rescue Plan	21.027	318,245	2021	A	636,490	\$ 13,848	\$	129,651	520,687	129,651	
					\$ 151,160	\$ -	\$ 13,848	\$	129,651	\$ 35,357	\$ 1,255,648

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, 2023**

K-4

STATE GRANTOR/PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE			CASH ACCRUED OR DEFERRED REVENUE BALANCE	
					1/1/2023	RECEIPTS PROGRAM OTHER	DISBURSEMENTS	12/31/2023	
<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	4900-765-178900	\$30,796	2023	A		\$ 30,796			30,796
Communities Program			Prior Years	A	45,079				45,079
Environmental Protection Equipment (Backhoe)		55,026	2022	A	-				-
Environmental Protection Equipment (Backhoe)		31,190	2021	A	31,190				31,190
<u>DEPT. OF PUBLIC SAFETY</u>									
Criminal Justice - Body Armor	N/A	1,652	2023	A	-	1,652			1,652
Criminal Justice - Body Armor	N/A	2,044	2022	A	2,044		\$ 1,324		720
Criminal Justice - Body Armor	N/A	1,175	2021	A	720		720		-
Drunk Driving Enforcement	4250-760-050000-63	3,303	2021	A	2,107				2,107
Drunk Driving Enforcement	4250-760-050000-63	319	2022	A	319				319
Drunk Driving Enforcement	4250-760-050000-63	1,603	2023	A	-	1,603			1,603
Law and Public Safety Grant	N/A	42,553	2014	A	42,553		32,063		10,490
Law and Public Safety Grant	N/A	24,358	2013	A	24,358				24,358
Police Body Worn Camera	N/A	20,380	2022	A	20,380				20,380
National Police Assoc. Grant	N/A	1,000	2022	A	371				371
<u>OTHER STATE AIDS</u>									
Recycling Tonnage Program	N/A	Varies	2017-2023	A	16,178	3,956	3,814		16,320
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
Storm Water Grant	N/A	75,000	2023	A	-	25,000			25,000
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)		23,000		(44,773)
TOTAL STATE ASSISTANCE					\$ 194,604	\$ 63,007	-	\$ 60,921	\$ 196,690

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, 2023

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, 2023

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 2023 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