

*TOWNSHIP OF LOPATCONG*

*COUNTY OF WARREN*

*REPORT OF AUDIT*

*2023*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2023

TOWNSHIP OF LOPATCONG  
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TOWNSHIP OF LOPATCONG  
PART I  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2023

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Township of Lopatcong, in the County of Warren (the "Township") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Township as of December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

#### ***Basis for Opinions***

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

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

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

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

### ***Responsibilities of Management for the Financial Statements***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and audit requirements prescribed by the Division we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 29, 2024

*Nisiroccia LLP*  
NISIVOCCIA LLP

*John J. Mooney*  
\_\_\_\_\_  
John J. Mooney  
Registered Municipal Accountant No. 560  
Certified Public Accountant



TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
CURRENT FUND

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2023	2022
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 8,042,074.27	\$ 8,020,015.42
Change Fund - Collector		650.00	650.00
Due from State of New Jersey:			
Veterans and Senior Citizens Deductions		1,718.50	1,250.00
		8,044,442.77	8,021,915.42
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	388,820.54	322,907.79
Tax Title Liens Receivable	A-7	106,531.54	162,740.65
Revenue Accounts Receivable	A-8	2,581.90	1,836.25
Property Acquired for Taxes - Assessed Valuation		807,400.00	807,400.00
Due from:			
Animal Control Trust Fund	B	5,404.56	9,790.17
Total Receivables and Other Assets With Full Reserves		1,310,738.54	1,304,674.86
Total Regular Fund		9,355,181.31	9,326,590.28
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4a	223,873.67	451,099.80
Federal and State Grants Receivable	A-11	141,517.16	50,559.00
Total Federal and State Grant Fund		365,390.83	501,658.80
<u>TOTAL ASSETS</u>		\$ 9,720,572.14	\$ 9,828,249.08

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

	Ref.	December 31,	
		2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 674,553.18	\$ 690,056.14
Encumbered	A-3;A-9	108,808.75	105,322.57
Total Appropriation Reserves		783,361.93	795,378.71
Prepaid Taxes		372,556.02	171,737.52
Accounts Payable - Vendors			10.50
Due to County for Added Taxes		12,691.02	10,374.63
Due State of New Jersey - Uniform Construction Code Fees		1,761.00	1,713.00
Due State of New Jersey - Marriage Licenses		225.00	
Due State of New Jersey - Lead Paint Inspections		60.00	
Local School District Taxes Payable	A-10	1,013,711.14	729,490.62
Tax Overpayments			1,997.76
Due to:			
Other Trust Funds - Sub-Division Escrow	B		0.25
Reserve for Municipal Relief Fund Aid		98,910.03	49,465.52
Reserve for Pending Tax Appeals		204,940.14	204,940.14
		2,488,216.28	1,965,108.65
Reserve for Receivables and Other Assets		1,310,738.54	1,304,674.86
Fund Balance	A-1	5,556,226.49	6,056,806.77
Total Regular Fund		9,355,181.31	9,326,590.28
Federal and State Grant Fund:			
Appropriated Reserves	A-12	143,097.31	59,144.44
Unappropriated Reserves	A-13	220,987.76	440,233.35
Reserve for Encumbrances	A-12	1,305.76	2,281.01
Total Federal and State Grant Fund		365,390.83	501,658.80
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,720,572.14</u>	<u>\$ 9,828,249.08</u>

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

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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,985,000.00	\$ 1,600,000.00
Miscellaneous Revenue Anticipated		2,857,373.15	2,178,136.23
Receipts from:			
Delinquent Taxes		302,119.96	1,014,038.28
Current Taxes		28,579,949.44	28,976,592.04
Nonbudget Revenue		196,094.83	69,729.51
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		621,148.96	617,701.68
Cancellation of Tax Overpayments			28,105.76
Interfunds and Other Receivables Returned		4,385.61	
Total Income		<u>35,546,071.95</u>	<u>34,484,303.50</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		9,922,356.13	8,505,471.94
County Taxes		6,711,043.22	7,358,497.83
Amount Due County for Added and Omitted Taxes		12,691.02	10,374.63
Local School District Taxes		16,108,060.00	15,539,613.00
Municipal Open Space Tax		305,001.86	280,294.11
Prior Year Senior Citizens Deductions Disallowed		2,500.00	3,000.00
Interfunds and Other Receivables Advanced			1,994.87
Total Expenditures		<u>33,061,652.23</u>	<u>31,699,246.38</u>
Statutory Excess to Fund Balance		2,484,419.72	2,785,057.12
<u>Fund Balance</u>			
Balance January 1		<u>6,056,806.77</u>	<u>4,871,749.65</u>
		8,541,226.49	7,656,806.77
Decreased by:			
Utilized as Anticipated Revenue		<u>2,985,000.00</u>	<u>1,600,000.00</u>
Balance December 31	A	<u>\$ 5,556,226.49</u>	<u>\$ 6,056,806.77</u>

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

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

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 2,985,000.00		\$ 2,985,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	5,000.00		6,000.00	\$ 1,000.00
Other Licenses	500.00		1,850.00	1,350.00
Other Fees and Permits	13,500.00		79,809.64	66,309.64
Fines and Costs:				
Municipal Court	20,000.00		30,031.77	10,031.77
Interest and Costs on Taxes	100,000.00		94,166.28	5,833.72 *
Interest on Investments and Deposits	25,000.00		170,637.94	145,637.94
Parks and Playgrounds Fees	4,000.00		6,391.00	2,391.00
Energy Receipts Taxes	954,826.00		954,825.79	0.21 *
Municipal Relief Aid	49,465.52		49,465.52	
Uniform Construction Code Fees	90,000.00		122,757.00	32,757.00
Interlocal Agreement:				
Phillipsburg Board of Education-Police Services	150,000.00		222,726.04	72,726.04
Recycling Tonnage Grant	3,723.22		3,723.22	
Safe and Secure Communities Program	16,200.00		16,200.00	
Body Armor Grant	1,305.76		1,305.76	
American Rescue Plan - Firefighters Grant	9,000.00		9,000.00	
Lead Grant Assistance Program	\$	4,500.00	4,500.00	
Local Recreational Improvement Grant		82,000.00	82,000.00	
Stormwater Assistance Grant		15,000.00	15,000.00	
Clean Communities Grant		24,344.85	24,344.85	

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

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue:				
Uniform Fire Safety Act	\$ 35,000.00	\$	57,089.22	\$ 22,089.22
Open Space Trust Fund - Capital Improvement Fund	135,000.00		135,000.00	
Sale of SRECS	17,500.00		16,849.00	651.00 *
Payment in Lieu of Taxes	52,000.00		495,571.48	443,571.48
Cable TV Franchise Fee	38,000.00		38,665.00	665.00
American Rescue Plan - Revenue Loss	219,463.64		219,463.64	
Total Miscellaneous Revenue	<u>1,939,484.14</u>	<u>\$ 125,844.85</u>	<u>2,857,373.15</u>	<u>792,044.16</u>
Receipts from Delinquent Taxes	350,000.00		302,119.96	47,880.04 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	5,915,586.37		6,834,354.87	918,768.50
Budget Totals	<u>11,190,070.51</u>	<u>125,844.85</u>	<u>12,978,847.98</u>	<u>1,662,932.62</u>
Nonbudget Revenue	<u>\$ 11,190,070.51</u>	<u>\$ 125,844.85</u>	<u>\$ 13,174,942.81</u>	<u>\$ 1,859,027.45</u>

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

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 28,579,949.44
Allocated to County, School, and Local Open Space Taxes	23,136,796.10
Balance for Support of Municipal Budget	5,443,153.34
Add: Appropriation - Reserve for Uncollected Taxes	1,391,201.53
Realized for Support of Municipal Budget	\$ 6,834,354.87
Collection of Delinquent Taxes	
Taxes Receivable Reciepts	\$ 230,642.22
Tax Title Liens Reciepts	71,477.74
	\$ 302,119.96

Analysis of Interest Earned

Interest Earned in Current Fund	\$ 111,296.90
Interest Due from Federal and State Grant Fund	12,462.87
Interest Due from General Capital Fund	43,816.58
Interest Due from Other Trust Funds	2,967.57
Interest Due from Escrow Trust Fund	94.02
	\$ 170,637.94

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:	
Clerk	\$ 150.00
Police Fees	149,568.99
Certified Copies	2,185.00
DPW Sale of Scrap	6,772.00
Insurance Claims	8,444.61
Senior Citizen and Veteran Administration Fees	1,225.52
Tax Sale Premium Escheated to Township	21,200.00
Lead Paint Inspection Fees	750.00
Other Miscellaneous Revenue	394.15
	\$ 190,690.27
Statutory Excess in Animal Control Fund - Due from Animal Control Fund	5,404.56
	\$ 196,094.83

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

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS"					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Other Expenses:					
Postage	\$ 8,500.00	\$ 12,000.00	\$ 9,928.54	\$ 2,071.46	
Computer Services	55,200.00	60,200.00	57,218.00	2,982.00	
Code Book Update	10,000.00	10,000.00	7,485.00	2,515.00	
Administration Other Expense	60,500.00	57,000.00	22,112.80	34,887.20	
Mayor and Council:					
Salaries & Wages	17,085.00	17,085.00	17,070.30	14.70	
Other Expenses	20,000.00	20,000.00	6,046.84	13,953.16	
Administration (Municipal Clerk):					
Salaries & Wages	265,675.00	262,675.00	243,542.88	19,132.12	
Other Expenses	31,825.00	34,825.00	28,892.48	5,932.52	
Financial Administration:					
Salaries & Wages	161,000.00	161,000.00	124,696.91	36,303.09	
Other Expenses	19,350.00	19,350.00	11,151.25	8,198.75	
Annual Audit	32,000.00	32,000.00		32,000.00	
Computerized Data Processing:					
Salaries & Wages	8,500.00	8,500.00	8,160.47	339.53	
Tax Assessment Administration:					
Salaries & Wages	50,000.00	56,500.00	56,099.91	400.09	
Other Expenses	22,850.00	16,350.00	7,644.23	8,705.77	
Revenue Administration (Tax Collection):					
Salaries & Wages	125,000.00	125,000.00	105,290.66	19,709.34	
Other Expenses	15,415.00	15,415.00	9,569.46	5,845.54	
Legal Services and Costs:					
Other Expenses	115,000.00	111,800.00	96,344.98	15,455.02	



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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
GENERAL GOVERNMENT (continued):					
Engineering Services and Costs:					
Other Expenses	\$ 91,400.00	\$ 96,400.00	\$ 74,484.19	\$ 21,915.81	
PUBLIC WORKS:					
Public Buildings and Grounds:					
Salaries & Wages	26,750.00	26,750.00	23,780.50	2,969.50	
Other Expenses	97,350.00	88,850.00	75,577.80	13,272.20	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	14,000.00	14,000.00	12,565.81	1,434.19	
Other Expenses	23,500.00	23,500.00	21,925.82	1,574.18	
Board of Adjustment:					
Salaries & Wages	6,500.00	6,500.00	6,119.95	380.05	
Other Expenses	7,700.00	7,700.00	6,842.92	857.08	
Zoning Officer:					
Salaries & Wages	20,000.00	20,000.00	16,112.63	3,887.37	
Other Expenses	12,950.00	12,950.00	9,064.23	3,885.77	
Rent Board:					
Salaries & Wages	3,200.00	3,200.00	3,035.32	164.68	
Other Expenses	10,000.00	10,000.00	220.65	9,779.35	
Shade Tree Commission:					
Salaries & Wages	2,600.00	3,800.00	3,669.60	130.40	
Other Expenses	4,000.00	4,000.00	1,620.84	2,379.16	
PUBLIC SAFETY:					
Municipal Court:					
Salaries & Wages	114,100.00	114,100.00	110,210.42	3,889.58	
Other Expenses	19,200.00	19,200.00	8,997.67	10,202.33	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
PUBLIC SAFETY (continued):					
Fire:					
Miscellaneous Other Expenses:					
Fire Companies	\$ 74,100.00	\$ 74,100.00	\$ 53,473.43	\$ 20,626.57	
Police:					
Salaries & Wages	1,890,636.36	1,890,636.36	1,803,673.20	86,963.16	
Salaries & Wages - American Rescue Plan	219,463.64	219,463.64	219,463.64		
Other Expenses	170,600.00	170,000.00	155,963.21	14,036.79	
Prosecutor's Office:					
Other Expenses	20,600.00	20,600.00	20,155.20	444.80	
First Aid Organization - Contribution	15,000.00	15,000.00	15,000.00		
Uniform Fire Safety Act - Fire Inspector:					
Salaries & Wages	36,000.00	39,000.00	36,140.62	2,859.38	
Other Expenses	10,990.00	10,990.00	8,402.13	2,587.87	
Emergency Management Services:					
Salaries & Wages	3,475.00	3,475.00	3,391.18	83.82	
Other Expenses	50.00	50.00		50.00	
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salaries & Wages	434,000.00	439,000.00	418,982.91	20,017.09	
Other Expenses	338,950.00	334,125.00	300,943.88	33,181.12	
Other Expenses - Salt and Grit	65,000.00	65,000.00	65,000.00		
HEALTH AND WELFARE:					
Animal Control Fund:					
Salaries & Wages	3,300.00	3,300.00	3,264.31	35.69	
Other Expenses	10,000.00	10,000.00	10,000.00		
Environmental Board:					
Other Expenses	200.00	200.00		200.00	

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

(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
RECREATION AND EDUCATION:					
Parks and Playgrounds:					
Salaries & Wages	\$ 9,200.00	\$ 9,200.00	\$ 8,974.42	\$ 225.58	
Other Expenses	118,000.00	103,000.00	75,884.86	27,115.14	
Swimming Pool:					
Salaries & Wages	50.00	50.00		50.00	
Other Expenses	1,000.00	1,000.00		1,000.00	
INSURANCE:					
General Liability	175,000.00	175,000.00	163,299.00	11,701.00	
Workers Compensation	118,000.00	118,000.00	115,336.44	2,663.56	
Employee Group Health	556,050.00	556,050.00	484,827.32	71,222.68	
Health Benefit Waiver	25,000.00	25,000.00	24,166.67	833.33	
UNIFORM CONSTRUCTION CODE:					
Building Sub Code Official:					
Salaries & Wages	125,000.00	134,000.00	126,447.20	7,552.80	
Other Expenses	10,250.00	8,750.00	4,305.33	4,444.67	
UNCLASSIFIED:					
Electricity	27,000.00	27,000.00	22,563.24	4,436.76	
Street Lighting	36,000.00	36,000.00	34,041.91	1,958.09	
Telephone	50,000.00	50,000.00	45,121.49	4,878.51	
Natural Gas	20,000.00	20,000.00	16,862.17	3,137.83	
Gasoline	90,000.00	90,000.00	72,217.35	17,782.65	
Fire Hydrant Service	166,500.00	166,500.00	166,095.80	404.20	
Water	9,000.00	9,000.00	7,271.28	1,728.72	
Total Operations Including Contingent within "CAPS"	6,299,565.00	6,294,140.00	5,666,751.25	627,388.75	
Detail:					
Salaries & Wages	3,569,035.00	3,557,235.00	3,350,692.84	206,542.16	
Other Expenses	2,730,530.00	2,736,905.00	2,316,058.41	420,846.59	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security (O.A.S.I)	\$ 255,000.00	\$ 260,000.00	\$ 254,816.23	\$ 5,183.77	
Unemployment Compensation	22,000.00	22,000.00	1,846.47	20,153.53	
Public Employees Retirement System	167,866.00	168,000.00	167,826.00	174.00	
Defined Contribution Retirement Program	4,000.00	4,000.00	2,644.99	1,355.01	
Police and Firemen's Retirement System	614,709.00	615,000.00	594,701.88	20,298.12	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,063,575.00	1,069,000.00	1,021,835.57	47,164.43	
Total General Appropriations for Municipal Purposes Within "CAPS"	7,363,140.00	7,363,140.00	6,688,586.82	674,553.18	
Operations - Excluded from "CAPS"					
Shared Service Agreements:					
Interlocal Services Agreement with Phillipsburg Board of Education - Police Services	150,000.00	150,000.00	150,000.00		
Total Shared Service Agreements	150,000.00	150,000.00	150,000.00		
Public and Private Programs Offset by Revenue:					
Safe and Secure Community Grant	16,200.00	16,200.00	16,200.00		
Clean Communities Grant (N.J.S.A. 40A:4-87 + \$24,344.85)		24,344.85	24,344.85		
Body Armor Grant	1,305.76	1,305.76	1,305.76		
Recycling Tonnage Grant	3,723.22	3,723.22	3,723.22		
American Rescue Plan - Firefighters Grant	9,000.00	9,000.00	9,000.00		
State Forestry Grant - Match	6,000.00	6,000.00	6,000.00		
Stormwater Assistance Grant (NJSA 40A:4-87 + \$15,000.00)		15,000.00	15,000.00		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Excluded from "CAPS" (continued)					
Public and Private Programs Offset by Revenue: (continued)					
Lead Grant Assistance Program (NJSA 40A:4-87 + \$4,500.00)		\$ 4,500.00	\$ 4,500.00		
Local Recreational Improvement Grant (NJSA 40A:4-87 + \$82,000.00)		82,000.00	82,000.00		
Total Public and Private Programs Offset by Revenues	\$ 36,228.98	162,073.83	162,073.83		
Total Operations - Excluded from "CAPS"	186,228.98	312,073.83	312,073.83		
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	685,000.00	685,000.00	685,000.00		
Total Capital Improvements Excluded from "CAPS"	685,000.00	685,000.00	685,000.00		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	250,000.00	250,000.00	250,000.00		
Payment of Bond Anticipation Notes	1,018,900.00	1,018,900.00	1,018,900.00		
Interest on Bonds	41,425.00	41,425.00	41,425.00		
Interest on Notes	186,000.00	186,000.00	183,642.30		\$ 2,357.70
Total Municipal Debt Service - Excluded from "CAPS"	1,496,325.00	1,496,325.00	1,493,967.30		2,357.70
Deferred Charges and Statutory Expenditures - Municipal Excluded from "CAPS"					
DEFERRED CHARGES:					
Ordinance 2011-10	50,000.00	50,000.00	50,000.00		
Ordinance 2014-12	18,175.00	18,175.00	18,175.00		
Total Municipal Debt Service - Excluded from "CAPS"	68,175.00	68,175.00	68,175.00		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Excluded from "CAPS" (continued)					
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,435,728.98	\$ 2,561,573.83	\$ 2,559,216.13		\$ 2,357.70
Total General Appropriations - Excluded from "CAPS"	2,435,728.98	2,561,573.83	2,559,216.13		2,357.70
Subtotal General Appropriations Reserve for Uncollected Taxes	9,798,868.98 1,391,201.53	9,924,713.83 1,391,201.53	9,247,802.95 1,391,201.53	\$ 674,553.18	2,357.70
Total General Appropriations	\$ 11,190,070.51	\$ 11,315,915.36	\$ 10,639,004.48	\$ 674,553.18	\$ 2,357.70

Ref.

A

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

(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 11,190,070.51	
Added by N.J.S.A. 40A:4-87		125,844.85	
		\$ 11,315,915.36	
Cash Disbursed			\$ 9,264,132.57
Reserve for Uncollected Taxes			1,391,201.53
Due to Federal and State Grant Fund			162,073.83
Encumbrances	A		108,808.75
			10,926,216.68
Less: Appropriation Refunds			287,212.20
			\$ 10,639,004.48

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

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
TRUST FUNDS



TOWNSHIP OF LOPATCONG  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 20,538.76	\$ 23,608.17
		<u>20,538.76</u>	<u>23,608.17</u>
Unemployment Compensation Insurance Fund:			
Cash and Cash Equivalents	B-4	81,440.12	79,848.50
		<u>81,440.12</u>	<u>79,848.50</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	5,169,909.67	5,490,952.61
Due from Current Fund:			
Other Sub-Division Escrow Funds	A		0.25
		<u>5,169,909.67</u>	<u>5,490,952.86</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,271,888.55</u>	<u>\$ 5,594,409.53</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 5,404.56	\$ 9,790.17
Reserve for Animal Control Fund Expenditures	B-5	15,134.20	13,818.00
		<u>20,538.76</u>	<u>23,608.17</u>
Unemployment Compensation Insurance Fund:			
Reserve for Unemployment Compensation Insurance		81,440.12	79,848.50
		<u>81,440.12</u>	<u>79,848.50</u>
Other Trust Funds:			
Reserve for:			
Sub-Division Escrow		462,553.34	474,374.62
Tax Sale Premiums		285,900.00	476,800.00
Affordable Housing Special		10,170.97	9,777.43
Affordable Housing Master		1,931.65	1,857.04
Community Events		2,577.42	3,411.92
Open Space Trust		65,899.58	151,897.72
Parking Offenses Adjudication Act		194.61	190.61
Public Defender		600.00	500.00
Recreation Trust		10,354.25	10,354.25
Outside Employment of Police Officers		32,888.79	31,533.87
Council on Affordable Housing (COAH)		3,868,359.40	3,896,742.99
Detention Basin/Sidewalk Construction		75,000.00	75,000.00
Accumulated Absences		203,332.94	203,332.94
Storm Recovery		150,146.72	155,179.47
Total Other Trust Funds		<u>5,169,909.67</u>	<u>5,490,952.86</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 5,271,888.55</u>	<u>\$ 5,594,409.53</u>

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

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
GENERAL CAPITAL FUND

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

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2023	2022
Cash and Cash Equivalents	C-2	\$ 1,141,128.92	\$ 612,851.26
New Jersey Department of Transportation - Grant Receivable		999,148.50	843,000.00
Deferred Charges to Future Taxation:			
Funded		1,980,000.00	2,430,000.00
Unfunded	C-4	5,745,402.00	5,207,875.00
<u>TOTAL ASSETS</u>		<u>\$ 9,865,679.42</u>	<u>\$ 9,093,726.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 1,980,000.00	\$ 2,430,000.00
Bond Anticipation Notes Payable	C-7	4,050,800.00	4,104,700.00
Improvement Authorizations:			
Funded	C-5	289,817.86	134,740.57
Unfunded	C-5	2,472,492.03	1,875,773.21
Capital Improvement Fund	C-6	727,282.31	140,781.81
Reserve for:			
Encumbrances		194,108.53	276,036.33
Fund Balance	C-1	151,178.69	131,694.34
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,865,679.42</u>	<u>\$ 9,093,726.26</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 131,694.34
Increased by:		
Premium on Bond Anticipation Notes		<u>19,484.35</u>
Balance December 31, 2023	C	<u>\$ 151,178.69</u>

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

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	E-4	\$ 3,878,122.58	\$ 3,124,403.63
Change Fund		50.00	50.00
		<u>3,878,172.58</u>	<u>3,124,453.63</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	E-6	199,634.04	261,578.90
Sewer Liens Receivable	E-6A		6,765.96
		<u>199,634.04</u>	<u>268,344.86</u>
Total Operating Fund		<u>4,077,806.62</u>	<u>3,392,798.49</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	955,881.63	955,881.63
Fixed Capital	E-7	7,361,076.76	7,361,076.76
Total Capital Fund		<u>8,316,958.39</u>	<u>8,316,958.39</u>
<u>TOTAL ASSETS</u>		<u>\$ 12,394,765.01</u>	<u>\$ 11,709,756.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Unencumbered	E-3;E-9	\$ 491,506.20	\$ 289,838.42
Encumbered	E-3;E-9	8,023.68	454.98
		<u>499,529.88</u>	<u>290,293.40</u>
Sewer Rents Overpayments		15,801.42	15,705.00
Accrued Interest on Loans		22,812.32	23,223.10
		<u>538,143.62</u>	<u>329,221.50</u>
Reserve for Receivables		199,634.04	268,344.86
Fund Balance	E-1	3,340,028.96	2,795,232.13
Total Operating Fund		<u>4,077,806.62</u>	<u>3,392,798.49</u>
Capital Fund:			
USDA Loans Payable	E-10	1,939,181.95	1,974,100.61
Capital Improvement Fund	E-9	893,530.94	893,530.94
Reserve for Amortization		5,421,894.81	5,386,976.15
Fund Balance	E-1a	62,350.69	62,350.69
Total Capital Fund		<u>8,316,958.39</u>	<u>8,316,958.39</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 12,394,765.01</u>	<u>\$ 11,709,756.88</u>

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

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Rents		\$ 2,001,789.37	\$ 2,063,106.64
Miscellaneous Revenue		184,694.18	126,976.86
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		282,629.13	178,527.34
Cancellation of Overpayments		141.37	940.37
		<u>2,469,254.05</u>	<u>2,369,551.21</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,827,400.00	1,715,500.00
Capital Improvement Fund			38,000.00
Debt Service		88,557.22	88,568.29
Deferred Charges and Statutory Expenditures		8,500.00	7,500.00
		<u>1,924,457.22</u>	<u>1,849,568.29</u>
Excess in Revenue		<u>544,796.83</u>	<u>519,982.92</u>
<u>Fund Balance</u>			
Balance January 1		<u>2,795,232.13</u>	<u>2,275,249.21</u>
Balance December 31	E	<u><u>\$ 3,340,028.96</u></u>	<u><u>\$ 2,795,232.13</u></u>

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

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 62,350.69
Balance December 31, 2023	E	\$ 62,350.69

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Sewer Rents	\$ 1,871,000.00	\$ 2,001,789.37	\$ 130,789.37
Miscellaneous Revenue	54,000.00	184,694.18	130,694.18
	\$ 1,925,000.00	\$ 2,186,483.55	\$ 261,483.55

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Sewer Utility Operating Fund	\$ 140,050.94
Sewer Utility Capital Fund	37,823.24
Hook-up Fees	6,820.00

\$ 184,694.18



TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2023

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modi- fication	Paid or Charged	Reserved	
Operating:					
Operations:					
Salaries and Wages	\$ 126,500.00	\$ 126,500.00	\$ 122,196.26	\$ 4,303.74	
Other Expenses	1,700,900.00	1,700,900.00	1,213,697.54	487,202.46	
Debt Service:					
Payment of Principal - USDA Loan	35,000.00	35,000.00	34,918.66		\$ 81.34
Interest on USDA Loan	54,100.00	54,100.00	53,638.56		461.44
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	8,500.00	8,500.00	8,500.00		
	<u>\$ 1,925,000.00</u>	<u>\$ 1,925,000.00</u>	<u>\$ 1,432,951.02</u>	<u>\$ 491,506.20</u>	<u>\$ 542.78</u>

Ref.

Analysis of Paid or Charged

Cash Disbursed	\$ 1,371,288.78
Encumbrances Payable	E 8,023.68
Accrued Interest on Loans	53,638.56
	<u>\$ 1,432,951.02</u>

E

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

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2023	2022
<u>ASSETS</u>		
Land	\$ 3,260,699.62	\$ 3,260,699.62
Buildings	1,145,900.00	1,145,900.00
Machinery and Equipment	5,706,036.90	5,458,569.08
<u>TOTAL ASSETS</u>	<u>\$ 10,112,636.52</u>	<u>\$ 9,865,168.70</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 10,112,636.52	\$ 9,865,168.70
<u>TOTAL RESERVES</u>	<u>\$ 10,112,636.52</u>	<u>\$ 9,865,168.70</u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

The accounting policies of the Township of Lopatcong conform to the accounting practices applicable to municipalities, which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Lopatcong accounts for its financial transactions through the following separate funds:

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

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

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

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

B. Description of Funds (Cont'd)

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

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is recognized in the Current Fund when it is budgeted. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

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

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

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

(Continued)

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

C. Basis of Accounting (Cont'd)

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases, fixed assets purchased by the Sewer Utility Capital Fund would be depreciated, and the Township's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid, where applicable.

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

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

(Continued)

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

E. Other Significant Accounting Policies (Cont'd)

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.

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

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 is not included on the various balance sheets.

General Fixed Assets - In accordance with New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

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

Property and equipment purchased by the Sewer Utility Fund are recorded in the Sewer Utility Capital account at cost and are not adjusted for dispositions and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility Fund does not record depreciation on fixed assets.

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

(Continued)

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

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

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2023	2022	2021
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 6,030,800.00	\$ 6,534,700.00	\$ 7,109,200.00
Sewer Utility Fund:			
Notes and Loans	1,939,181.95	1,974,100.61	2,008,078.45
Total Issued	<u>7,969,981.95</u>	<u>8,508,800.61</u>	<u>9,117,278.45</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	1,694,602.00	1,103,175.00	848,500.00
Total Authorized but not Issued	<u>1,694,602.00</u>	<u>1,103,175.00</u>	<u>848,500.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 9,664,583.95</u>	<u>\$ 9,611,975.61</u>	<u>\$ 9,965,778.45</u>



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

(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
General Capital Fund:				
Serial Bonds	\$ 2,875,000.00		\$ 445,000.00	\$ 2,430,000.00
Bond Anticipation Notes	4,234,200.00	\$ 4,104,700.00	4,234,200.00	4,104,700.00
Sewer Utility Fund:				
USDA Loans Payable	2,008,078.45		33,977.84	1,974,100.61
<b>Total</b>	<b>\$ 9,117,278.45</b>	<b>\$ 4,104,700.00</b>	<b>\$ 4,713,177.84</b>	<b>\$ 8,508,800.61</b>

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
General Capital Fund:				
Serial Bonds	\$ 2,430,000.00		\$ 450,000.00	\$ 1,980,000.00
Bond Anticipation Notes	4,104,700.00	\$ 4,050,800.00	4,104,700.00	4,050,800.00
Sewer Utility Fund:				
USDA Loans Payable	1,974,100.61		34,918.66	1,939,181.95
<b>Total</b>	<b>\$ 8,508,800.61</b>	<b>\$ 4,050,800.00</b>	<b>\$ 4,589,618.66</b>	<b>\$ 7,969,981.95</b>

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 .713%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 7,983,000.00	\$ 7,983,000.00	
Sewer Utility Debt	1,939,181.95	1,939,181.95	
General Debt	7,725,402.00		\$ 7,725,402.00
	<b>\$ 17,647,583.95</b>	<b>\$ 9,922,181.95</b>	<b>\$ 7,725,402.00</b>

Net Debt \$7,725,402.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,083,475,239.67= .713%.

Borrowing Power Under N.J.S. 40A:2-5 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 37,921,633.39
Net Debt	7,725,402.00
Remaining Borrowing Power	<b>\$ 30,196,231.39</b>

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

(Continued)

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

Calculation of "Self-Liquidating Purpose", Sewer Utility Per  
N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,186,483.55
Deductions:		
Operating and Maintenance Costs	\$ 1,835,900.00	
Debt Service	88,557.22	
		1,924,457.22
Excess in Revenue		\$ 262,026.33

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing information is in agreement with the annual debt statement as filed by the Chief Financial Officer.

At December 31, 2023, the Township had capital debt issued and outstanding described as follows:

Series 2016 - General Obligation Refunding Bonds

Purpose	Final Maturity	Rate	Amount
Series 2016 - General Obligation Refunding Bonds	9/1/2027	3.50% - 5.00%	\$ 1,980,000.00

Bonds Payable:

On December 28, 2016, the Township issued \$4,545,000 refunding bonds with interest rates ranging from 2.00% to 5.00% to refund \$4,642,000 of the \$7,787,000 Series 2007 General Improvement Bonds dated September 1, 2007 with an interest rate of 4.00%. The refunding bonds will mature on September 1, 2027 and constitute an advanced refunding. The refunding met the requirements of an in-substance debt defeasance.

As a result of the advance refunding, the Township reduced its total debt service requirement by \$233,546.87 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$208,470.52.

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

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

<u>General Capital Bond Anticipation Notes</u>				
Maturities of Notes				
Purpose	2023		Interest Rate	Balance Dec. 31, 2023
	Date	Amount		
Various Road Improvements	7/2/2024	\$ 569,000.00	4.50%	\$ 569,000.00
Various Capital Improvements	7/2/2024	583,150.00	4.50%	583,150.00
Red School Lane Improvement Project	7/2/2024	271,800.00	4.50%	271,800.00
Various Capital Improvements	7/2/2024	200,250.00	4.50%	200,250.00
Various Capital Improvements	7/2/2024	613,100.00	4.50%	613,100.00
Various Capital Improvements	7/2/2024	335,400.00	4.50%	335,400.00
Various Road Improvements	7/2/2024	513,100.00	4.50%	513,100.00
Various Capital Improvements	7/2/2024	391,000.00	4.50%	391,000.00
Various Road Improvements	7/2/2024	574,000.00	4.50%	574,000.00
				\$ 4,050,800.00

Sewer Utility Capital Fund Loans

Purpose	Final Maturity Date	Interest Rate	
Improvements to Sanitary Sewer System	1/26/2057	2.75%	\$ 1,939,181.95
Total Debt Issued and Outstanding			\$ 7,969,981.95

U.S.D.A Loans

In 2017, the Township of Lopatcong entered into a loan agreement with the U.S.D.A. Department of Agriculture (U.S.D.A.) in the aggregate amount of \$2,150,000.00 which represents direct obligations of the Township. The remaining loan repayment will continue on a semiannual basis over 40 years at 2.75% interest.

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter  
for Bonds Issued and Outstanding

Calendar Year	General Capital Fund		
	Principal	Interest	Total
2024	\$ 475,000.00	\$ 78,925.00	\$ 553,925.00
2025	500,000.00	55,175.00	555,175.00
2026	505,000.00	35,175.00	540,175.00
2027	500,000.00	17,500.00	517,500.00
	\$ 1,980,000.00	\$ 186,775.00	\$ 2,166,775.00

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

(Continued)

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

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Loans Issued and Outstanding

Calendar Year	Sewer Utility Capital Fund		
	Principal	Interest	Total
2024	\$ 35,885.53	\$ 53,082.47	\$ 88,968.00
2025	36,879.16	52,088.84	88,968.00
2026	37,900.31	51,067.69	88,968.00
2027	38,949.74	50,018.26	88,968.00
2028	40,028.21	48,939.79	88,968.00
2029-2033	217,392.92	227,447.08	444,840.00
2034-2038	249,203.45	195,636.55	444,840.00
2039-2043	285,668.74	159,171.26	444,840.00
2044-2048	327,469.90	117,370.10	444,840.00
2049-2053	375,387.72	69,452.28	444,840.00
2054-2057	294,416.27	16,390.45	310,806.72
	<u>\$ 1,939,181.95</u>	<u>\$ 1,040,664.77</u>	<u>\$ 2,979,846.72</u>

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2023 which were included in the introduced budget as appropriated and as anticipated revenue for the year ending December 31, 2024 budget were as follows:

Current Fund	\$ 2,334,000.00
Sewer Utility Operating Fund	0.00

Note 4: 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.

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

	Local District School Tax	
	Balance 12/31/2023	Balance 12/31/2022
Balance of Tax	\$ 7,707,137.14	\$ 7,422,916.62
Deferred	6,693,426.00	6,693,426.00
Tax Payable	<u>\$ 1,013,711.14</u>	<u>\$ 729,490.62</u>

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

(Continued)

Note 5: Leases

The Township entered into a lease agreement for 4 copiers. The lease term is for 63 months beginning on May 6, 2020 and ending on August 6, 2025. The lease payments are due monthly with a monthly lease payment of \$846.41. The Township does have the option of a) renewing the lease or b) returning the equipment at the end of the lease term.

Note 6: Pension Plans

Township employees participate in one of two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee’s Retirement System (PERS) or the State of New Jersey Police and Firemen’s Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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

(Continued)

Note 6: Pension Plans (Cont'd)

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

Contributions

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

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

Township contributions to PERS amounted to \$167,826 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$4,227 to the PERS for normal pension benefits on behalf of the Borough.

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

At June 30, 2022 the Township's liability was \$2,008,908 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial

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

(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was 0.0133%, which was a decrease of 0.0011% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Township as of June 30, 2022.

For the year ended December 31, 2023, the Township recognized actual pension expense in the amount of \$167,826.

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.00 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

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

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

(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	11.19%
Real Estate	8.00%	7.60%
High Yield	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

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



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

(Continued)

Note 6: Pension Plans (Cont'd)

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

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

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

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 2,580,858	\$ 2,008,908	\$ 1,522,155

Pension Plan Fiduciary Net Position

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

B. Police and Firemen's Retirement System (PFRS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

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

Note 6: Pension Plans (Cont'd)

B. Police and Firemen’s Retirement System (PFRS) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service 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.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State’s contribution amount is based on actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more 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 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 amounts 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 the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are 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 local participating employers 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. Since the local

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

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows 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 pension liability that is associated with the local participating employer.

Township contributions to PFRS amounted to \$594,701.88 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$119,870 to the PFRS for normal pension benefits on behalf of the Township, which is more than the contractually required contribution of \$111,087.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability for its proportionate share of the net pension liability was \$5,410,133. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was 0.047%, which was an increase of 0.003% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2022 pension information in the Notes to the Financial Statements as the June 30, 2023 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$962,845 as of June 30, 2022. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the Township

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

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expenses (Cont'd)

was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the State's proportion was 0.047%, which was an increase of 0.003% from its proportion measured as of June 30, 2021 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 5,410,133
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>962,845</u>
Total Net Pension Liability	<u><u>\$ 6,372,978</u></u>

For the year ended December 31, 2023s, the Township recognized total pension expense of \$594,701.88.

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 16.25% based on years of service
Thereafter	Not Applicable
Investment Rate of Return	7.00%

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.

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

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' 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. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk Management Strategies	3.00%	4.91%

Discount Rate – PFRS

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

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

Note 6: Pension Plans (Cont'd)

B. Police and Firemen’s Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State’s proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State’s proportionate share of the net pension liability attributable to the Township) as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the collective 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:

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 8,744,414	\$ 6,372,978	\$ 4,398,746

Pension Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees’ annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$2,644.99 for the year ended December 31, 2023. Employee contributions to DCRP amounted to \$3,384.13 for the year ended December 31, 2023.

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

(Continued)

Note 7: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$902,365.18 at December 31, 2023. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accumulated Absences of \$203,332.94 on the Trust Funds balance sheet as of December 31, 2023.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	\$ 2.859	\$ 2.851	\$ 2.967
<u>Apportionment of Tax Rate:</u>			
County	0.591	0.652	0.649
County Library	0.049	0.054	0.052
Open Space - County	0.022	0.022	0.021
Open Space - Municipal	0.029	0.027	0.029
Local District School	1.586	1.533	1.622
Municipal	0.582	0.563	0.594
<u>Assessed Valuations:</u>			
2023	\$ 1,015,731,392.00		
2022		\$ 1,013,289,606.00	
2021			\$ 933,267,188.00

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 29,094,555.58	\$ 28,579,949.44	98.23%
2022	28,929,795.10	28,522,940.92	98.59%
2021	29,093,103.36	28,644,748.10	98.46%

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

(Continued)

Note 8: Selected Tax Information (Cont'd)

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

Note 9: Cash and Cash Equivalents

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

Investments are stated at cost. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered.

Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed in the investment section of this note.

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

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, 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 insurance limits as follows:

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



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

(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Deposits: (Cont'd)

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

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

<u>Fund</u>	<u>Cash On Hand</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 650.00	\$ 8,042,074.27	\$ 8,042,724.27
Federal and State Grant		223,873.67	223,873.67
Animal Control		20,538.76	20,538.76
Unemployment			
Compensation Insurance		81,440.12	81,440.12
Other Trust		5,169,909.67	5,169,909.67
General Capital		1,141,128.92	1,141,128.92
Sewer Utility Operating	50.00	3,878,122.58	3,878,172.58
Sewer Utility Capital		955,881.63	955,881.63
	<u>\$ 700.00</u>	<u>\$ 19,512,969.62</u>	<u>\$ 19,513,669.62</u>

During the year ended December 31, 2023, the Township did not hold any investments during the year. The carrying amount of the Township's cash and cash equivalents at December 31, 2023, was \$19,513,669.62 and the bank balance was \$19,993,129.54.

Note 10: Risk Management

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

The Township is a member of the Statewide Insurance Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

The following coverage are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicles
- e.) Environmental

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

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

(Continued)

Note 10: Risk Management (Cont'd)

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2023 audit report for the Fund is not available as of the date of this audit. Selected, summarized financial information for the Fund for the year ended December 31, 2022 is as follows:

Total Assets	\$ 47,188,767
Net Position	\$ 12,401,193
Total Revenue	\$ 30,020,936
Total Expenses	\$ 32,801,506
Change in Net Position	\$ (2,780,570)

Financial statements for the Fund are available at the office of the Fund’s Executive Director:

Statewide Insurance Fund  
 One Sylvan Way  
 Parsippany, NJ 07054  
 (862) 260 – 2050

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of the interest earned, employees and Township contributions, amount reimbursed and the ending balance of the Township’s expendable trust fund for the current year and previous two years:

Year	Township Contribution	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2023		\$ 4,895.06	\$ 3,158.19	\$ 6,461.63	\$ 81,440.12
2022	\$ 40,274.99	4,577.78	152.06	4,389.55	79,848.50
2021	7,166.06	4,164.07	160.93		39,233.22

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

(Continued)

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 5,404.56	
Animal Control Fund		\$ 5,404.56
	<u>\$ 5,404.56</u>	<u>\$ 5,404.56</u>

The interfund activity between Animal Control Fund and Current Fund consisted of a Statutory Excess not turned over prior to year end.

Note 12: Commitments and Contingencies

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

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve, which it feels is sufficient, for this contingency in the amount of \$204,940.14.

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

Note 13: Economic Dependency

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

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

(Continued)

Note 14: Open Space Trust Fund

The Township established an Open Space Trust Fund in 2000. The Township has levied a tax equal to three (.03) cents per \$100 of total Township assessed property valuation. The intention of the municipality is to use this funding to offset the debt issued to acquire open space property in the Township. The funds are being held in the Open Space Trust Reserve on the Other Trust Funds balance sheet. The balance in the Open Space reserve at December 31, 2023 is \$65,899.58 and at December 31, 2022 \$151,897.72.

Note 15: Fixed Assets

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Land	\$ 3,260,699.62			\$ 3,260,699.62
Buildings	1,145,900.00			1,145,900.00
Machinery and Equipment	5,458,569.08	\$ 364,117.82	\$ (116,650.00)	5,706,036.90
	<u>\$ 9,865,168.70</u>	<u>\$ 364,117.82</u>	<u>\$ (116,650.00)</u>	<u>\$ 10,112,636.52</u>
	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Land	\$ 3,260,699.62			\$ 3,260,699.62
Buildings	1,145,900.00			1,145,900.00
Machinery and Equipment	5,280,817.20	\$ 249,974.88	\$ (72,223.00)	5,458,569.08
	<u>\$ 9,687,416.82</u>	<u>\$ 249,974.88</u>	<u>\$ (72,223.00)</u>	<u>\$ 9,865,168.70</u>

Note 16: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating 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.

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.

Contributions

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 (benefit)/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. 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, 2021 through June 30, 2022. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

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

(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense

The Township has rolled forward the net OPEB liability as of June 30, 2022 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2022 OPEB information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2022 was \$3,693,950. At June 30, 2022, the State's proportion related to the Township was .109489% which was an decrease of .013595% from its proportion measured as of June 30, 2021. This is the percentage of the total State Share of the net OPEB liability of the Plan.

For the year ended June 30, 2022, the State of New Jersey's OPEB benefit related to the Township was \$605,885.

Actuarial Assumptions and Other Inputs

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\*:

Public Employees' Retirement System (PERS)

Initial fiscal year applied

Rate for all future years                      2.75% - 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years                      3.25% to 16.25% based on years of service

\* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS              Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS              Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of 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 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the trend rate is 8.00% for fiscal year 2023 and decreases to a 4.50% trend rate in 2030 and later.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond 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.

Note 17: Tax Abatements

GASB requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

As of December 31, 2023, The Township provides a tax abatement to an urban renewal entity formed and qualified to do business under the provision of the Long Term Tax Exemption Law of 1992 (N.J.S.A. 40A:20-1) (the "Law") and a resolution of the governing body dated August 15, 2017 and an agreement dated August 15, 2017. In consideration of the full abatement of taxes, the urban renewal entity is required to pay to the Township an annual service charge. The annual service charge made by the urban renewal entity will be equal to 25% of the annual gross revenue for years one through five, 25% of the annual gross revenue for years six through ten, 35% of annual gross revenue for years eleven through twenty-one, and 40% of annual gross revenue for years twenty-two through thirty derived from each residential rental and retail/commercial rental unit as detailed in the tax abatement agreement. From the annual service charge paid by the Entity, the Township shall annually remit 5% of the payment received to the County of Warren in accordance with the provisions of N.J.S.A 40A:20-12. The tax abatement provided under the agreement shall be terminated when the urban renewal entity or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 30 years from the effective date of the tax exemption, whichever event occurs first.



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

(Continued)

Note 17: Tax Abatements (Cont'd)

All disputes between the parties arising out of this Agreement shall be resolved by binding arbitration by a single arbitrator in accordance with the rules of the American Arbitration Association for commercial arbitrations.

The Township recognized revenue in the amount of \$495,571.48 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2023 without the abatement would have been \$53,547.90 of which \$31,525.76 would have been for the local municipal tax and the municipal open space tax.

TOWNSHIP OF LOPATCONG

SUPPLEMENTARY DATA

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

Name	Title	Amount of Bond	Name of Corporate Surety
James Mengucci	Mayor		
William Wright	Council President		
Lou Belcaro	Councilman		
James Palitto	Councilman		
Richard McQuade	Councilman		
Margaret B. Dilts	Municipal Clerk/Administrator/Planning Board Secretary/ Registrar of Vital Statistics, Qualified Purchasing Agent CFO/Treasurer	\$ 1,000,000.00	* Statewide Insurance Fund
Kimberley Browne	Deputy Municipal Clerk/Deputy Registrar	1,000,000.00	* Statewide Insurance Fund
Kayla Marconi to April 22, 2024	Tax Collector, Sewer Rent Collector (January 1, 2023)	1,000,000.00	* Statewide Insurance Fund
Jennifer Patricia	Tax Assessor	150,000.00	* Statewide Insurance Fund
Jennifer Carabelli	Engineer	1,000,000.00	* Statewide Insurance Fund
Paul M. Sterbenz	Building Inspector	1,000,000.00	* Statewide Insurance Fund
Scott Schofield	Emergency Management Coordinator	1,000,000.00	* Statewide Insurance Fund
Jason Garcia	Zoning Officer	1,000,000.00	* Statewide Insurance Fund
Andrew Melendez	Fire Official	1,000,000.00	* Statewide Insurance Fund
Kevin Maguire	Municipal Attorney	1,000,000.00	* Statewide Insurance Fund
Michael Lavery	Magistrate	1,000,000.00	* Statewide Insurance Fund
Gerard Shamey	Court Administrator/Violations Clerk	1,000,000.00	* Statewide Insurance Fund
Kristen Glinko	Municipal Prosecutor	1,000,000.00	* Statewide Insurance Fund
John J. Caleca			

All bonds were examined and were properly executed.

\* A Public Employee Faithful Performance Blanket Position Bond is in force for \$1,000,000 with Statewide Insurance Fund. This bond covers all employees.

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
CURRENT FUND

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 8,020,015.42
Increased by Receipts:		
Current Year Taxes		\$ 28,342,935.22
Delinquent Taxes		230,642.22
Tax Title Liens Redeemed		71,477.74
Prepaid Taxes		372,556.02
Interest and Costs on Taxes		94,166.28
Revenue Accounts Receivable		2,498,326.48
Miscellaneous Revenue Not Anticipated		190,690.27
Tax Overpayments		250.00
Appropriation Refunds		287,212.20
Appropriation Reserve Refunds		4,414.00
Reserve for Municipal Relief Fund Aid		98,910.03
Due from State of New Jersey:		
Veterans' and Senior Citizens' Deductions		61,276.03
Due State of New Jersey - Marriage License Fees		425.00
Due State of New Jersey - Construction Code Fees		11,861.00
Due State of New Jersey - Lead Paint Inspections		60.00
Due to Federal and State Grant Fund:		
Interest Earned		12,462.87
Due General Capital Fund:		
Interest Earned		43,816.58
Due from Animal Control		9,790.17
Due from Other Trust Fund:		
Other Trust Fund Interest Earned		2,967.57
Escrow Trust Interest Earned		94.02
		32,334,333.70
		40,354,349.12
Decreased by Disbursements:		
2023 Appropriation Expenditures		9,264,132.57
2022 Appropriation Reserve Expenditures		178,643.75
Accounts Payable		10.50
Local School District Taxes		15,823,839.48
County Taxes		6,721,417.85
Municipal Open Space Levy		305,001.86
Tax Overpayments Refunded		1,215.59
Due State of New Jersey - Marriage License Fees		200.00
Due State of New Jersey - Construction Code Fees		11,813.00
Due Federal and State Grant Fund:		
Local Match		6,000.00
Due Other Trust Fund:		
Escrow Trust Fund		0.25
		32,312,274.85
Balance December 31, 2023	A	\$ 8,042,074.27

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 451,099.80
Increased by Receipts:		
Grants Receivables		\$ 63,809.91
Unappropriated Reserves		1,523.81
Due Current Fund:		
Local Match		6,000.00
Interest on Investments		12,462.87
		83,796.59
		534,896.39
Decreased by:		
Federal and State Grant Expenditures		79,096.21
Due Current Fund:		
Anticipated as Current Fund Revenue		219,463.64
Interest on Investments		12,462.87
		311,022.72
Balance December 31, 2023	A	\$ 223,873.67

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance		Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Tax Appeals/Remittance	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2023
	Dec. 31, 2022	2023 Levy	2022	2023						
2016	\$ 910.37							\$ 192.73		\$ 717.64
2017	259.78							259.78		
2018	259.34							259.34		
2019	260.66							260.66		
2020	4,496.05			\$ 4,236.01				260.04		
2021	11,474.54			868.07				3,583.83		7,022.64
2022	305,247.05			225,538.14		\$ (2,500.00)	\$ 73,455.06	2,105.41		6,648.44
	322,907.79			230,642.22		(2,500.00)	73,455.06	6,921.79		14,388.72
2023		\$ 29,094,555.58	\$ 171,737.52	28,342,935.22	\$ 1,032.17	64,244.53	7.90	128,275.84	\$ 11,890.58	374,431.82
		\$ 29,094,555.58	\$ 171,737.52	28,573,577.44	\$ 1,032.17	61,744.53	73,462.96	135,197.63	\$ 11,890.58	388,820.54

Ref. A

Analysis of 2023 Property Tax Levy

General Purpose Tax	\$ 29,039,762.32
Added Taxes (54:4-63.1 et seq.)	54,793.26
	<u>\$ 29,094,555.58</u>
Tax Levy:	
Local School District Taxes	
County Taxes:	\$ 16,108,060.00
County Tax	\$ 5,998,191.03
Library Tax	493,148.95
Open Space Tax	219,703.24
Due County for Added and Omitted	12,691.02
	<u>6,723,734.24</u>
Local Tax for Open Space - Due Other Trust Funds	305,001.86
	<u>23,136,796.10</u>
Local Tax for Municipal Purposes Only	5,915,586.37
Add: Additional Tax Levied	42,173.11
	<u>5,957,759.48</u>
	<u>\$ 29,094,555.58</u>

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 162,740.65
Increased by:		
Transferred From Taxes Receivable - 2023		\$ 11,890.58
Interest and Costs		3,378.05
		15,268.63
		178,009.28
Decreased by:		
Tax Title Liens Redeemed		71,477.74
		71,477.74
Balance December 31, 2023	A	\$ 106,531.54



TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2022	Accrued in 2023	Collected by Treasurer	Balance Dec. 31, 2023
Clerk:				
ABC Licenses	\$	6,000.00	\$ 6,000.00	
Other Licenses		1,850.00	1,850.00	
Municipal Court:				
Fines and Costs	\$ 1,836.25	30,777.42	30,031.77	\$ 2,581.90
Other Fees and Permits		79,809.64	79,809.64	
Interest on Investments and Deposits		111,296.90	111,296.90	
Parks and Playgrounds Fees		6,391.00	6,391.00	
Interlocal Agreement - Phillipsburg Board of Education		222,726.04	222,726.04	
Energy Receipts Taxes		954,825.79	954,825.79	
Uniform Construction Code Fees		122,757.00	122,757.00	
Sale of SRECS		16,849.00	16,849.00	
Uniform Fire Safety Act		57,089.22	57,089.22	
Payment in Lieu of Taxes		495,571.48	495,571.48	
Cable TV Franchise Fee		38,665.00	38,665.00	
American Rescue Plan - Revenue Loss		219,463.64	219,463.64	
Open Space Trust Fund - Capital Improvement Fund		135,000.00	135,000.00	
	<u>\$ 1,836.25</u>	<u>\$ 2,499,072.13</u>	<u>\$ 2,498,326.48</u>	<u>\$ 2,581.90</u>

Ref.

A

A

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Other Expenses:				
Postage	\$ 2,886.70	\$ 2,886.70		\$ 2,886.70
Computer Service	12,481.43	12,481.43	\$ 1,051.25	11,430.18
Code Book Update	3,649.74	3,649.74	3,240.00	409.74
Human Resource Education:				
Administration Other Expense	14,875.47	14,875.47	107.99	14,767.48
Mayor and Council:				
Salaries and Wages	14.70	14.70		14.70
Other Expenses	25,611.01	25,611.01		25,611.01
Administrator (Municipal Clerk):				
Salaries and Wages	3,854.70	3,854.70		3,854.70
Other Expenses	3,780.71	3,780.71	227.00	3,553.71
Financial Administration (Treasury):				
Salaries and Wages	2,020.39	2,020.39		2,020.39
Other Expenses	7,873.51	7,873.51	2,008.04	5,865.47
Audit Services	33,500.00	33,500.00	23,500.00	10,000.00
Computerized Data Processing:				
Salaries and Wages	1,384.67	1,384.67		1,384.67
Assessment of Taxes:				
Salaries and Wages	102.29	102.29		102.29
Other Expenses	16,449.34	16,449.34	647.10	15,802.24
Revenue Administration (Tax Collection):				
Salaries and Wages	4,901.69	4,901.69	1,313.67	3,588.02
Other Expenses	4,194.05	4,194.05	160.00	4,034.05
Legal Services:				
Other Expenses	43,069.61	42,069.61	7,166.00	34,903.61
Engineering Services and Costs:				
Other Expenses	5,995.80	6,995.80	6,736.25	259.55
Public Buildings and Grounds:				
Salaries and Wages	1,364.91	1,364.91		1,364.91
Other Expenses	16,946.13	16,946.13	1,334.00	15,612.13
Planning Board:				
Salaries and Wages	679.64	679.64		679.64
Other Expenses	5,689.50	5,689.50	3,787.50	1,902.00
Board of Adjustment:				
Salaries and Wages	408.09	408.09		408.09
Other Expenses	46.71	46.71		46.71
Building Sub Code Official:				
Salaries and Wages	10,769.86	10,769.86		10,769.86
Other Expenses	2,218.55	2,218.55	369.88	1,848.67
Rent Board:				
Salaries and Wages	434.71	434.71		434.71
Other Expenses	3,714.54	3,714.54		3,714.54

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Shade Tree Commission:				
Other Expenses	\$ 394.94	\$ 394.94	\$ 280.00	\$ 114.94
Fire:				
Fire Companies	11,759.74	11,759.74	11,759.74	
Police:				
Salaries and Wages	128,601.97	128,601.97		128,601.97
Other Expenses	97,943.76	97,943.76	68,828.92	29,114.84
Prosecutor:				
Salaries and Wages	77.44	77.44		77.44
Fire Inspector:				
Salaries and Wages	2,451.40	2,451.40		2,451.40
Other Expenses	381.91	381.91		381.91
Zoning Officer:				
Salaries and Wages	954.58	954.58		954.58
Other Expenses	99.83	99.83	81.89	17.94
Emergency Management Services:				
Salaries and Wages	83.82	83.82		83.82
Other Expenses	50.00	50.00		50.00
Road Repairs and Maintenance:				
Salaries and Wages	65,672.50	65,672.50		65,672.50
Other Expenses	68,658.70	68,658.70	26,871.45	41,787.25
Animal Control Fund:				
Salaries and Wages	396.47	396.47		396.47
Other Expenses	1,000.00	1,000.00		1,000.00
Environmental Board:				
Other Expenses	200.00	200.00		200.00
Parks and Playgrounds:				
Salaries and Wages	1,523.11	1,523.11		1,523.11
Other Expenses	26,166.69	26,166.69	1,847.53	24,319.16
Swimming Pool:				
Salaries and Wages	500.00	500.00		500.00
Other Expenses	60.00	60.00		60.00
Electricity	6,532.30	6,532.30		6,532.30
Street Lighting	7,914.73	7,914.73	32.40	7,882.33
Telephone	9,695.48	9,695.48	1,449.23	8,246.25
Natural Gas	9,037.47	9,037.47	3,739.14	5,298.33
Gasoline	6,563.01	6,563.01	5,168.47	1,394.54
Fire Hydrant Service	337.60	337.60		337.60
Water	4,885.79	4,885.79		4,885.79
Statutory Expenditures:				
Social Security System (O.A.S.I.)	16,097.96	16,097.96	509.86	15,588.10

TOWNSHIP OF LOPATCONG  
CURRENT FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Statutory Expenditures:				
Public Employees Retirement System	\$ 160.00	\$ 160.00		\$ 160.00
Defined Contribution Retirement Program	3,332.35	3,332.35		3,332.35
Police and Firemen's Retirement System	22,760.15	22,760.15		22,760.15
Municipal Court:				
Salaries and Wages	4,643.38	4,643.38		4,643.38
Other Expenses	8,400.66	8,400.66	\$ 1,932.49	6,468.17
Insurance:				
General Liability	42.00	42.00		42.00
Workmen's Compensation	1,775.56	1,775.56		1,775.56
Employee Group Health	55,068.83	55,068.83	79.95	54,988.88
Unemployment	2,236.13	2,236.13		2,236.13
	<u>\$ 795,378.71</u>	<u>\$ 795,378.71</u>	<u>\$ 174,229.75</u>	<u>\$ 621,148.96</u>
<u>Analysis of Balance at December 31, 2022:</u>				
	<u>Ref.</u>			
Unencumbered	A	\$ 690,056.14		
Encumbered	A	<u>105,322.57</u>		
		<u>\$ 795,378.71</u>		
			Cash Disbursed	\$ 178,643.75
			Less: Appropriation Refunds	<u>4,414.00</u>
				<u>\$ 174,229.75</u>

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

	<u>Ref.</u>	
Balance December 31, 2022		
Local School District Tax Payable	A	\$ 729,490.62
Deferred School Tax		6,693,426.00
		7,422,916.62
Increased by:		
Levy - School Year July 1, 2023 through June 30, 2024		16,108,060.00
		23,530,976.62
Decreased by:		
Payments to Local School District		15,823,839.48
		\$ 7,707,137.14
Balance December 31, 2023		
Local School District Tax Payable	A	1,013,711.14
Local School District Tax Deferred		6,693,426.00
		\$ 7,707,137.14
 <u>Analysis of Decrease - Deferred School Tax:</u>		
Balance December 31, 2023		6,693,426.00
Balance December 31, 2022		6,693,426.00
Net Decrease Debited to Operations		\$ -0-

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

	Balance Dec. 31, 2022	Budget Revenue Realized	Cash Received	Transfer From Unappropriated Reserves	Balance Dec. 31, 2023
Body Armor Grant		\$ 1,305.76		\$ 1,305.76	
Recycling Tonnage Grant		3,723.22	\$ 3,723.22		
Clean Communities Grant		24,344.85	24,344.85		
Safe and Secure Communities Program	\$ 4,414.00	16,200.00	16,241.84		\$ 4,372.16
State Forestry Grant	46,145.00				46,145.00
American Rescue Plan - CSLFRF		219,463.64		219,463.64	
American Rescue Plan - Firefighters Grant		9,000.00			9,000.00
Lead Grant Assistance Program		4,500.00	4,500.00		
Local Recreational Improvement Grant		82,000.00			82,000.00
Stormwater Assistance Grant		15,000.00	15,000.00		
	<u>\$ 50,559.00</u>	<u>\$ 375,537.47</u>	<u>\$ 63,809.91</u>	<u>\$ 220,769.40</u>	<u>\$ 141,517.16</u>

Ref.            A

A

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

	Balance Dec. 31, 2022	Encumbrances Returned	Transferred from 2023 Budget	Cash Disbursed	Balance Dec. 31, 2023
Recycling Tonnage Grant: 2023			\$ 3,723.22	\$ 3,300.00	\$ 423.22
Clean Communities Program: 2022	\$ 132.82			132.82	
2023		\$ 1,200.00	24,344.85	8,412.32	17,132.53
Safe & Secure Communities Program	4,414.00		16,200.00	16,241.84	4,372.16
State Forestry Grant	44,378.66			40,560.00	3,818.66
State Forestry Grant - Local Match			6,000.00		6,000.00
American Rescue Plan - CSLFRF			219,463.64	219,463.64	
American Rescue Plan - Firefighters Grant			9,000.00	8,131.61	868.39
Lead Grant Assistance Program			4,500.00	1,236.61	3,263.39
Local Recreational Improvement Grant			82,000.00		82,000.00
Stormwater Assistance Grant			15,000.00		15,000.00
Drunk Driving Enforcement Fund	10,218.96				10,218.96
Body Armor Grant		1,081.01	1,305.76	2,386.77	
	<u>\$ 59,144.44</u>	<u>\$ 2,281.01</u>	<u>\$ 381,537.47</u>	<u>\$ 299,865.61</u>	<u>\$ 143,097.31</u>
<u>Ref.</u>	A				A

Disbursed in Federal and State Grant Fund	\$ 79,096.21
Encumbrances	1,305.76
Anticipated as Current Fund Revenue	219,463.64
	<u>\$ 299,865.61</u>

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

	<u>Balance Dec. 31, 2022</u>	<u>Cash Receipts</u>	<u>2023 Budget Revenue</u>	<u>Balance Dec. 31, 2023</u>
Body Armor Grant	\$ 1,305.76	\$ 1,523.81	\$ 1,305.76	\$ 1,523.81
American Rescue Plan - CSLFRF	438,927.59		219,463.64	219,463.95
	<u>\$ 440,233.35</u>	<u>\$ 1,523.81</u>	<u>\$ 220,769.40</u>	<u>\$ 220,987.76</u>
Ref.	A			A



TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
TRUST FUNDS

TOWNSHIP OF LOPATCONG  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Unemployment Trust Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2022	\$ 23,608.17	\$ 79,848.50	\$ 5,490,952.61
Increased by Receipts:			
Municipal Licensing Fees	\$ 8,201.60		
Due to State Board of Health	1,430.40		
Interest on Investments	1,028.67	\$ 3,158.19	
Miscellaneous	3,705.00		
Subdivision Escrow:			
Receipts			\$ 128,206.95
Interest on Investments			152.40
Interest Due to Current Fund			94.27
Unemployment Trust:			
Employee Contributions		4,895.06	
COAH Trust:			
Receipts			10,244.50
Interest on Investments			154,023.34
Storm Recovery:			
Budget Appropriation			65,000.00
FEMA Reimbursement			86.46
Outside Employment of Police Officers:			
Other Receipts			392,957.06
Open Space Trust:			
Tax Levy			305,001.86
Parking Offenses Adjudication Act			4.00
Community Events			33,010.00
Affordable Housing Special:			
Receipts			393.54
Affordable Housing Master:			
Receipts			74.61
Sidewalk Construction:			
Interest Due to Current Fund			2,967.57
Tax Sale Premiums			16,000.00
	\$ 14,365.67	\$ 8,053.25	\$ 1,108,816.56
	37,973.84	87,901.75	6,599,769.17

TOWNSHIP OF LOPATCONG  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Unemployment Trust Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Expenditures under R.S. 4:19 - 15.11	\$ 6,214.51		
Due to State Board of Health	1,430.40		
Due to Current Fund	9,790.17		
Subdivision Escrow Trust Fund:			
Disbursements			\$ 140,180.63
Interfund Due Current Fund			94.02
Public Defender			500.00
Open Space Trust:			
Disbursements			256,000.00
Due to Current			135,000.00
Unemployment Compensation Insurance		\$ 6,461.63	
COAH Trust:			
Disbursements			192,651.43
Community Events			33,844.50
Outside Employment of Police Officers			391,602.14
Tax Sale Premiums - Refunded			206,900.00
Storm Recovery			70,119.21
Sidewalk Construction:			
Due to Current			2,967.57
	<u>\$ 17,435.08</u>	<u>\$ 6,461.63</u>	<u>\$ 1,429,859.50</u>
Balance December 31, 2023	<u>\$ 20,538.76</u>	<u>\$ 81,440.12</u>	<u>\$ 5,169,909.67</u>

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

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 13,818.00
Increased by:		
2023 Animal Control License Fees Collected		\$ 8,201.60
Interest Earned		1,028.67
Miscellaneous		3,705.00
		12,935.27
		26,753.27
Decreased by:		
Expenditures under R.S.4:19-15.11:		
Cash Disbursements		6,214.51
Statutory Excess Due to Current Fund		5,404.56
		11,619.07
Balance December 31, 2023	B	\$ 15,134.20

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	\$ 6,783.00
2022	8,351.20
	15,134.20
Maximum Allowable Reserve	\$ 15,134.20

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
GENERAL CAPITAL FUND

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 612,851.26
Increased by Receipts:		
Bond Anticipation Note Issued		\$ 4,050,800.00
Bond Anticipation Note Premium		19,484.35
New Jersey Department of Transportation:		
Grant Ordinance 2022-06		105,750.00
Due Current Fund:		
Interest Earned		43,816.58
Budget Appropriation:		
Capital Improvement Fund		685,000.00
Payment of Bond Anticipation Notes		1,018,900.00
Deferred Charges - Unfunded:		
Ordinance 2011-10		50,000.00
Ordinance 2014-12		18,175.00
		5,991,925.93
		6,604,777.19
Decreased by Disbursements:		
Bond Anticipation Note Matured		4,104,700.00
Improvement Authorization Expenditures		1,315,131.69
Due Current Fund:		
Interest Earned		43,816.58
		5,463,648.27
Balance December 31, 2023	C	\$ 1,141,128.92

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2022	Receipts			Disbursements			Balance/ (Deficit) Dec. 31, 2023
		Bond Anticipation Notes	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	Transfers From To	
Fund Balance	\$ 131,694.34		\$ 19,484.35					\$ 151,178.69
Capital Improvement Fund	140,781.81		685,000.00					727,282.31
Due Current Fund			1,062,716.58					
New Jersey Department of Transportation Grant Receivable 17-06	(380,000.00)							(380,000.00)
New Jersey Department of Transportation Grant Receivable 20-05 & 23-12	(322,000.00)							(439,338.50)
New Jersey Department of Transportation Grant Receivable 22-06	(141,000.00)		105,750.00					(35,250.00)
New Jersey Department of Transportation Grant Receivable 23-13								(144,560.00)
Reserve for: Encumbrances	276,036.33						276,036.33	194,108.53
Ordinance Number								
2011-10	(120,000.00)		50,000.00					(70,000.00)
2014-12	(18,175.00)		18,175.00					
2017-06	197,799.16			\$ 265,000.00	\$ 1,123.33			196,675.83
2018-03								
2018-09				148,000.00				
2018-11				205,900.00				
2019-08				769,000.00				
2019-09				633,150.00				
2020-04	317,716.06			321,800.00				317,716.06
2020-04				271,800.00				
2020-04				569,000.00				
2020-05	27,033.87			583,150.00				
2020-05	532,869.08			200,250.00				
2021-04	96,162.10			613,100.00				
2021-05				335,400.00				
2022-05	(260,807.06)			513,100.00				
2022-06	134,740.57			391,000.00				
2023-10				574,000.00				
2023-11								
2023-12								
	\$ 612,851.26	\$ 4,050,800.00	\$ 1,941,125.93	\$ 4,104,700.00	\$ 1,315,131.69	\$ 43,816.58	\$ 1,849,442.86	\$ 1,141,128.92

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

Ord. Date	Ordinance Number	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	NJ Department of Transportation Grants	Paid by Budget Appropriation	Balance Dec. 31, 2023	Bond Anticipation Notes	Analysis of Balance Dec. 31, 2023	
									Expenditures	Unexpended Improvement Authorizations
07/06/11	2011-10	Reconstruction of Portion of Stelko and Edward Street	\$ 120,000.00		\$ 50,000.00		\$ 70,000.00		\$ 70,000.00	
11/19/14	2014-12	South Third Street Improvements	18,175.00		18,175.00					
09/06/17	2017-06	Various Capital Improvements	265,000.00			\$ 265,000.00				
06/28/18	2018-03	Payments of Amounts Owing to Others for Taxes Levied	148,000.00			148,000.00				
10/04/18	2018-09	Various Capital Improvements	205,900.00			205,900.00				
08/23/18	2018-11	Various Road Improvements	769,000.00			200,000.00	569,000.00	\$ 569,000.00		
03/26/19	2019-08	Various Capital Improvements	633,150.00			50,000.00	583,150.00	583,150.00		
03/26/19	2019-09	Red School Lane Improvement Project	321,800.00			50,000.00	271,800.00	271,800.00		
09/03/20	2020-04	Various Capital Improvements	250,250.00			50,000.00	200,250.00	200,250.00		
09/03/20	2020-05	Various Capital Improvements	663,100.00			50,000.00	613,100.00	613,100.00		
07/07/21	2021-04	Various Capital Improvements	335,400.00				335,400.00	335,400.00		
07/07/21	2021-05	Various Road Improvements	513,100.00				513,100.00	513,100.00		
07/06/22	2022-05	Various Capital Improvements	391,000.00				391,000.00	391,000.00		
07/06/22	2022-06	Various Road Improvements	574,000.00				574,000.00	574,000.00		
04/05/23	2023-10	Park Improvement Project		\$ 380,000.00			380,000.00	146,606.00	\$ 233,394.00	
04/05/23	2023-11	Various Capital Improvements		531,500.00			531,500.00	472,148.45	59,351.55	
04/05/23	2023-12	Various Road Improvements		713,102.00			713,102.00		713,102.00	
			<u>\$ 5,207,875.00</u>	<u>\$ 1,624,602.00</u>	<u>\$ 68,175.00</u>	<u>\$ 1,018,900.00</u>	<u>\$ 5,745,402.00</u>	<u>\$ 4,050,800.00</u>	<u>\$ 688,754.45</u>	<u>\$ 1,005,847.55</u>

Ref. C Improvement Authorizations - Unfunded C \$ 2,472,492.03

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance 17-06 Dated 9/6/2017	\$ 196,675.83
Ordinance 19-08 Dated 3/26/2019	317,716.06
Ordinance 20-04 Dated 9/3/2020	20,939.83
Ordinance 20-05 Dated 9/3/2020	514,635.73
Ordinance 21-04 Dated 7/7/2021	74,814.21
Ordinance 22-05 Dated 3/17/2023	126,399.86
Ordinance 22-06 Dated 3/17/2023	215,462.96



TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance December 31, 2022		Prior Year Encumbrances Returned	Capital Improvement Fund	2023 Authorizations		Paid or Charged	Balance December 31, 2023	
	Number	Amount	Funded	Unfunded			Deferred Charges to Future Taxation Unfunded	NJ Department of Transportation Grants		Funded	Unfunded
Various Capital Improvements	2017-06	\$ 1,064,439.00	\$ 197,799.16					\$ 1,123.33	\$ 196,675.83		
Various Capital Improvements	2019-08	877,000.00	317,716.06					6,094.04	317,716.06		
Various Capital Improvements	2020-04	295,000.00	27,033.87					18,233.35	20,939.83		
Various Capital Improvements	2020-05	1,160,000.00	532,869.08					28,787.89	514,635.73		
Various Capital Improvements	2021-04	355,400.00	96,162.10	\$ 7,440.00				272,389.41	74,814.21		
Various Capital Improvements	2022-05	416,000.00	130,192.94	268,596.33				493,277.61	126,399.86		
Various Road Improvements	2022-06	750,000.00	\$ 134,740.57					166,606.00	215,462.96		
Park Improvement Project	2023-10	400,000.00				\$ 20,000.00	\$ 380,000.00	500,648.45	233,394.00		
Various Capital Improvements	2023-11	560,000.00				28,500.00	531,500.00	22,080.14	59,351.55		
Various Road Improvements	2023-12	1,025,000.00				49,999.50	713,102.00	\$ 289,817.86	713,102.00		
			\$ 134,740.57	\$ 1,875,773.21	\$ 276,036.33	\$ 98,499.50	\$ 1,624,602.00	\$ 1,509,240.22	\$ 289,817.86	\$ 2,472,492.03	

Ref.	C	C	C
Cash Disbursed in General Capital Fund Encumbrances		\$ 1,315,131.69	C
		194,108.53	
		<u>\$ 1,509,240.22</u>	

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 140,781.81
Increased By:		
Budget Appropriation		<u>685,000.00</u>
		825,781.81
Decreased By:		
Appropriation to Finance		
Improvement Authorizations		<u>98,499.50</u>
Balance December 31, 2023	C	<u><u>\$ 727,282.31</u></u>

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. Date	Ordinance Number	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2022	Issued	Matured	Balance Dec. 31, 2023
			Original Issue	Issue	Maturity					
10/04/17	2017-06	Various Capital Improvements	3/19/2018	3/17/2022	3/16/2023	2.00%	\$ 265,000.00	\$ 265,000.00		
06/28/18	2018-03	Payments of Amounts Owing to Others for Taxes Levied	6/27/2018	3/17/2022	3/16/2023	2.00%	148,000.00	148,000.00		
10/04/18	2018-09	Various Capital Improvements	3/26/2019	3/17/2022	3/16/2023	2.00%	205,900.00	205,900.00		
08/23/18	2018-11	Various Road Improvements	3/26/2019	3/17/2022 3/15/2023	3/16/2023 7/2/2024	2.00% 4.50%	769,000.00	769,000.00	\$ 569,000.00	
06/05/19	2019-08	Various Capital Improvements	3/24/2020	3/17/2022 3/15/2023	3/16/2023 7/2/2024	2.00% 4.50%	633,150.00	633,150.00	583,150.00	
06/05/19	2019-09	Red School Lane Improvement Project	3/24/2020	3/17/2022 3/15/2023	3/16/2023 7/2/2024	2.00% 4.50%	321,800.00	321,800.00	271,800.00	
09/03/20	2020-04	Various Capital Improvements	9/03/2020	3/17/2022 3/15/2023	3/16/2023 7/2/2024	2.00% 4.50%	250,250.00	250,250.00	200,250.00	
09/03/20	2020-05	Various Capital Improvements	9/03/2020	3/17/2022 3/15/2023	3/16/2023 7/2/2024	2.00% 4.50%	663,100.00	663,100.00	613,100.00	
07/07/21	2021-04	Various Capital Improvements	3/17/2022	3/17/2022 3/15/2023	3/16/2023 7/2/2024	2.00% 4.50%	335,400.00	335,400.00	335,400.00	
07/07/21	2021-05	Various Road Improvements	3/17/2022	3/17/2022 3/15/2023	3/16/2023 7/2/2024	2.00% 4.50%	513,100.00	513,100.00	513,100.00	
04/05/23	2022-05	Various Capital Improvements	3/15/2023	3/15/2023	7/2/2024	4.50%	391,000.00	391,000.00	391,000.00	
04/05/23	2022-06	Various Road Improvements	3/15/2023	3/15/2023	7/2/2024	4.50%	574,000.00	574,000.00	574,000.00	
							\$ 4,104,700.00	\$ 4,050,800.00	\$ 4,104,700.00	\$ 4,050,800.00

Ref.	C
Paid by Budget Appropriation	
Renewals	\$ 1,018,900.00
New Issues	3,085,800.00
	965,000.00
	\$ 4,050,800.00
	\$ 4,104,700.00

TOWNSHIP OF LOPATCONG  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Balance December 31, 2022	Balance December 31, 2023
			Outstanding Date	Amount	Interest Rate		
Series 2016 - General Obligation Refunding Bonds	12/28/2016	\$ 4,545,000.00	9/1/2024	\$ 475,000.00	5.000%	\$ 2,430,000.00	\$ 1,980,000.00
			9/1/2025	500,000.00	4.000%		
			9/1/2026	505,000.00	3.500%		
			9/1/2027	500,000.00	3.500%		
						<u>\$ 2,430,000.00</u>	<u>\$ 1,980,000.00</u>

Ref.

C

C

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

Ord. Date	Ordinance Number	Improvement Description	Balance December 31, 2022	2023 Authorizations	Budget Appropriations	Bond Anticipation Notes Issued	Balance December 31, 2023
07/06/11	2011-10	Reconstruction of Portion of Stelko and Edward Street	\$ 120,000.00		\$ 50,000.00		\$ 70,000.00
11/19/14	2014-12	South Third Street Improvements	18,175.00		18,175.00		
07/06/22	2022-05	Various Capital Improvements	391,000.00			\$ 391,000.00	
07/06/22	2022-06	Various Road Improvements	574,000.00			574,000.00	
04/05/23	2023-10	Park Improvement Project		\$ 380,000.00			380,000.00
04/05/23	2023-11	Various Capital Improvements		531,500.00			531,500.00
04/05/23	2023-12	Various Road Improvements		713,102.00			713,102.00
			<u>\$ 1,103,175.00</u>	<u>\$ 1,624,602.00</u>	<u>\$ 68,175.00</u>	<u>\$ 965,000.00</u>	<u>\$ 1,694,602.00</u>

TOWNSHIP OF LOPATCONG  
COUNTY OF WARREN  
2023  
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG  
SEWER UTILITY FUND  
SCHEDULE OF CASH-TREASURER

	Operating Fund	Capital Fund
<u>Ref.</u>		
Balance December 31, 2022	\$ 3,124,403.63	\$ 955,881.63
Increased by Receipts:		
Consumer Accounts Receivable	\$ 1,984,266.39	
Liens Receivable	6,765.96	
Sewer Rent Overpayments	10,994.81	
Sewer Hook-up Fees	6,820.00	
Due from Sewer Capital Fund Fund:		
Interest Earned	37,823.24	
Due to Sewer Utility Operating Fund:		
Interest Earned	\$ 37,823.24	
Interest on Investments	140,050.94	
	2,186,721.34	37,823.24
	5,311,124.97	993,704.87
Decreased by Disbursements:		
2023 Appropriation Expenditures	1,371,288.78	
2022 Appropriation Reserves	7,664.27	
Interest on Loans	54,049.34	
Due Sewer Utility Operating Fund:		
Interfund Payable	37,823.24	
	1,433,002.39	37,823.24
Balance December 31, 2023	\$ 3,878,122.58	\$ 955,881.63

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

	Balance Dec. 31, 2022	Receipts Miscellaneous	Disbursements Miscellaneous	Balance Dec. 31, 2023
Fund Balance	\$ 62,350.69			\$ 62,350.69
Due Sewer Utility Operating Fund		\$ 37,823.24	\$ 37,823.24	
Capital Improvement Fund	893,530.94			893,530.94
	\$ 955,881.63	\$ 37,823.24	\$ 37,823.24	\$ 955,881.63



TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 261,578.90
Increased by:		
Sewer Rents Levied		1,933,078.55
		2,194,657.45
Decreased by:		
Sewer Collections	\$ 1,984,266.39	
Overpayments Applied	10,757.02	
		1,995,023.41
Balance December 31, 2023	E	\$ 199,634.04

E-6a

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 6,765.96
Decreased by:		
Redeemed		6,765.96
		-
Balance December 31, 2023	E	\$ -0-

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF HOOK-UP FEES RECEIVABLE  
YEAR ENDED DECEMBER 31, 2023

Increased by:		
Hook up Fees Levied	\$	6,820.00
		<hr/> 6,820.00
Decreased by:		
Collections	\$	6,820.00
		<hr/> 6,820.00

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Construction of Sewerage System	\$ 1,000,000.00	\$ 1,000,000.00
Improvements to Sanitary Sewerage System	5,041,709.50	5,041,709.50
Morris Heights Sewer Line Extension	400,000.00	400,000.00
Delaware Park Trunk Line Extension	100,000.00	100,000.00
Baltimore Street Pump Station Repairs	40,687.08	40,687.08
Park Avenue and Fourth Street Sanitary Sewer Rehabilitation Project	11,637.60	11,637.60
Replacement of Baltimore Street Pumping Station	109,456.30	109,456.30
Improvements to Sanitary Sewerage System	15,000.00	15,000.00
Extension of the Sanitary Sewer Line to Morris Heights	400,000.00	400,000.00
I & I Rehabilitation Study	50,000.00	50,000.00
Sewer Collection Line Realignment	39,834.00	39,834.00
Purchase of Street Sweeper	152,752.28	152,752.28
	<u>\$ 7,361,076.76</u>	<u>\$ 7,361,076.76</u>
<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2022 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 1,012.24	\$ 1,012.24		\$ 1,012.24
Other Expenses	289,189.56	289,189.56	\$ 7,664.27	281,525.29
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Social Security System	91.60	91.60		91.60
	<u>\$ 290,293.40</u>	<u>\$ 290,293.40</u>	<u>\$ 7,664.27</u>	<u>\$ 282,629.13</u>

Analysis of Balance December 31, 2022

	<u>Ref.</u>	
Unencumbered	E	\$ 298,838.42
Encumbered	E	454.98
		<u>\$ 299,293.40</u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	E	<u>\$ 893,530.94</u>
Balance December 31, 2023	E	<u><u>\$ 893,530.94</u></u>

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF USDA LOANS PAYABLE

Ord. No.	Improvement Description	Balance Dec. 31, 2022	Matured	Balance Dec. 31, 2023	
2009-11	Improvements to Sanitary Sewerage System	\$ 1,974,100.61	\$ 34,918.66	\$ 1,939,181.95	
	<u>Ref.</u>	E		E	
	<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance of Loan</u>
					\$ 1,939,181.95
	14	1/26/2024	\$ 17,820.25	\$ 26,663.75	1,921,361.70
	15	7/26/2024	18,065.28	26,418.72	1,903,296.42
	16	1/26/2025	18,313.67	26,170.33	1,884,982.75
	17	7/26/2025	18,565.49	25,918.51	1,866,417.26
	18	1/26/2026	18,820.76	25,663.24	1,847,596.50
	19	7/26/2026	19,079.55	25,404.45	1,828,516.95
	20	1/26/2027	19,341.89	25,142.11	1,809,175.06
	21	7/26/2027	19,607.85	24,876.15	1,789,567.21
	22	1/26/2028	19,877.45	24,606.55	1,769,689.76
	23	7/26/2028	20,150.76	24,333.24	1,749,539.00
	24	1/26/2029	20,427.84	24,056.16	1,729,111.16
	25	7/26/2029	20,708.72	23,775.28	1,708,402.44
	26	1/26/2030	20,993.47	23,490.53	1,687,408.97
	27	7/26/2030	21,282.13	23,201.87	1,666,126.84
	28	1/26/2031	21,574.75	22,909.25	1,644,552.09
	29	7/26/2031	21,871.41	22,612.59	1,622,680.68
	30	1/26/2032	22,172.14	22,311.86	1,600,508.54
	31	7/26/2032	22,477.01	22,006.99	1,578,031.53
	32	1/26/2033	22,786.07	21,697.93	1,555,245.46
	33	7/26/2033	23,099.38	21,384.62	1,532,146.08
	34	1/26/2034	23,416.99	21,067.01	1,508,729.09
	35	7/26/2034	23,738.98	20,745.02	1,484,990.11
	36	1/26/2035	24,065.38	20,418.62	1,460,924.73
	37	7/26/2035	24,396.29	20,087.71	1,436,528.44
	38	1/26/2036	24,731.73	19,752.27	1,411,796.71
	39	7/26/2036	25,071.80	19,412.20	1,386,724.91
	40	1/26/2037	25,416.53	19,067.47	1,361,308.38
	41	7/26/2037	25,766.01	18,717.99	1,335,542.37
	42	1/26/2038	26,120.29	18,363.71	1,309,422.08
	43	7/26/2038	26,479.45	18,004.55	1,282,942.63
	44	1/26/2039	26,843.54	17,640.46	1,256,099.09
	45	7/26/2039	27,212.64	17,271.36	1,228,886.45
	46	1/26/2040	27,586.81	16,897.19	1,201,299.64

TOWNSHIP OF LOPATCONG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF USDA LOANS PAYABLE  
(Continued)

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance of Loan</u>
47	7/26/2040	27,966.13	16,517.87	1,173,333.51
48	1/26/2041	28,350.66	16,133.34	1,144,982.85
49	7/26/2041	28,740.49	15,743.51	1,116,242.36
50	1/26/2042	29,135.66	15,348.34	1,087,106.70
51	7/26/2042	29,536.29	14,947.71	1,057,570.41
52	1/26/2043	29,942.40	14,541.60	1,027,628.01
53	7/26/2043	30,354.12	14,129.88	997,273.89
54	1/26/2044	30,771.48	13,712.52	966,502.41
55	7/26/2044	31,194.60	13,289.40	935,307.81
56	1/26/2045	31,623.51	12,860.49	903,684.30
57	7/26/2045	32,058.34	12,425.66	871,625.96
58	1/26/2046	32,499.15	11,984.85	839,126.81
59	7/26/2046	32,946.00	11,538.00	806,180.81
60	1/26/2047	33,399.02	11,084.98	772,781.79
61	7/26/2047	33,858.25	10,625.75	738,923.54
62	1/26/2048	34,323.80	10,160.20	704,599.74
63	7/26/2048	34,795.75	9,688.25	669,803.99
64	1/26/2049	35,274.20	9,209.80	634,529.79
65	7/26/2049	35,759.21	8,724.79	598,770.58
66	1/26/2050	36,250.91	8,233.09	562,519.67
67	7/26/2050	36,749.35	7,734.65	525,770.32
68	1/26/2051	37,254.66	7,229.34	488,515.66
69	7/26/2051	37,766.91	6,717.09	450,748.75
70	1/26/2052	38,286.20	6,197.80	412,462.55
71	7/26/2052	38,812.64	5,671.36	373,649.91
72	1/26/2053	39,346.32	5,137.68	334,303.59
73	7/26/2053	39,887.32	4,596.68	294,416.27
74	1/26/2054	40,435.78	4,048.22	253,980.49
75	7/26/2054	40,991.77	3,492.23	212,988.72
76	1/26/2055	41,555.40	2,928.60	171,433.32
77	7/26/2055	42,126.80	2,357.20	129,306.52
78	1/26/2056	42,706.03	1,777.97	86,600.49
79	7/26/2056	43,293.24	1,190.76	43,307.25
80	1/26/2057	43,307.25	595.47	
		<u>\$ 1,939,181.95</u>	<u>\$ 1,040,664.77</u>	

TOWNSHIP OF LOPATCONG

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023



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

Name of Federal Agency or Department Pass Through Department/Cluster Title	Name of Program	Assistance Listing Number	Pass Through Entity ID/Grant #	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures	Amounts Provided to Subrecipients
					From	To				
U.S. Department of Treasury (Passed Through N.J. Dept. of Community Affairs)	COVID-19 - American Rescue Plan Coronavirus State & Local/Fiscal Recovery Funds	21.027	100-022-8030 -687-046010	\$ 877,855.17	3/3/2021	12/31/2024		\$ 219,463.64	\$ 658,391.22	
	COVID-19 American Rescue Plan Firefighter Grant	21.027	100-022-8030- 689-046180	9,000.00	1/1/2023	12/31/2024		8,131.61 227,595.25	8,131.61 666,522.83	
Total U.S. Department of Treasury										
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	FEMA Disaster Grant - Severe Winter Storm and Snowstorm	97.036	N/A	8,390.85	1/31/2021	2/2/2021	\$ 86.46	86.46	8,390.85 *	
	Total Department of Homeland Security									
Total Federal Awards							\$ 86.46	86.46	8,390.85	
* Prior Year Expenditures							\$ 86.46	\$ 227,681.71	\$ 674,913.68	\$ -0-

\* Prior Year Expenditures

N/A - Not Applicable/Available

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

Name of State Agency or Department	Name of Program	Program Account No.	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures
				From	To			
Department of Environmental Protection	Clean Communities Grant	765-042-4900-	\$ 21,705.10	1/1/2022	12/31/2023	\$ 24,344.85	\$ 132.82	\$ 21,705.10
		004-178910	25,544.85	1/1/2023	12/31/2024	24,344.85	8,412.32	8,412.32
	Recycling Tonnage Grant	100-042-4910-224-238490	3,723.22	1/1/2023	12/31/2024	3,723.22	3,300.00	3,300.00
	State Forestry Grant	4870-100-042-4870-038-V42F-6120	46,145.00	1/1/2022	12/31/2024		40,560.00	42,326.34
	Stormwater Assistance Grant	100-042-4850-099-290400	15,000.00	1/1/2023	12/31/2024	15,000.00		
Total Department of Environmental Protection						43,068.07	52,405.14	75,743.76
Department of Community Affairs	Lead Grant Assistance Program	100-304-8020-022-023110	4,500.00	1/1/2023	12/31/2024	4,500.00	1,236.61	1,236.61
Total Department of Community Affairs						4,500.00	1,236.61	1,236.61
Department of Law and Public Safety	Body Armor Replacement	718-066-1020-001-090160	1,081.01	1/1/2022	12/31/2023		1,081.01	1,081.01
			1,305.76	1/1/2022	12/31/2023		1,305.76	1,305.76
			1,523.81	1/1/2023	12/31/2024	1,523.81		
						1,523.81	2,386.77	2,386.77
	Safe and Secure Communities Grant	100-066-1020-232-090940	16,200.00	1/1/2022	12/31/2023	4,414.00	4,414.00	16,200.00
			16,200.00	1/1/2023	12/31/2024	11,827.84	11,827.84	11,827.84
						16,241.84	16,241.84	28,027.84
Total Department of Law and Public Safety						17,765.65	18,628.61	30,414.61
Department of Transportation	Municipal Aid: Belview Road Upper Belvider Road and Belview Road	480-078-6320-A01-606282	141,000.00	1/1/2022	12/31/2023	105,750.00	99,740.57	141,000.00
			261,898.50	1/1/2023	12/31/2024	105,750.00	22,080.14	22,080.14
						105,750.00	121,820.71	163,080.14
Total Department of Transportation						105,750.00	121,820.71	163,080.14
Total State Awards						\$ 171,083.72	\$ 194,091.07	\$ 302,979.31

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LOPATCONG  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2023

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4: USDA LOAN

The Township of Lopatcong has the following loans outstanding as of December 31, 2023:

Sewer Utility Fund:	
USDA Loan	\$1,939,181.95

The projects which relate to the loans are complete and there were no current year expenditures.



Mount Arlington, NJ  
 Newton, NJ  
 Bridgewater, NJ  
 973.298.8500  
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 Independent Member  
 BKR International

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 Auditors Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“the Division”), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Lopatcong, in the County of Warren (the “Township”) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued report thereon dated May 29, 2024. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township’s internal control over financial reporting (internal control) as a basis for designing 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 Township’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

The Honorable Mayor and Members  
of the Township Committee  
Township of Lopatcong  
Page 2

### **Report on Compliance and Other Matters**

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

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

Mount Arlington, New Jersey  
May 29, 2024

*Nisivoccia LLP*  
NISIVOCCIA LLP

*John J. Mooney*  
\_\_\_\_\_  
John J. Mooney  
Certified Public Accountant  
Registered Municipal Accountant No. 560

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey OMB's Circular 15-08 for the year ended December 31, 2023 as both the state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold.

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

Status of Prior Year Findings:

There were no prior year audit findings.

TOWNSHIP OF LOPATCONG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023



TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

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

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

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Utilities

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or utilities on or before the date when they would become delinquent. On January 5, 2023, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and utilities and 18% per annum for delinquent taxes and utilities in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

From our testing of the Tax Collector's records, it appeared that interest was charged for delinquent tax and utility payments in accordance with the above resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 12, 2023 and was complete. Inspection of tax sale certificates revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2023	6
2022	11
2021	8

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2023 and 2024 Taxes	20
Delinquent Taxes	15
Payment of 2023 Sewer Rents	20
Delinquent Sewer Rents	15
Tax Title Liens	3

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

New Jersey Administrative Code Accounting Requirements

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

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

The Township is in compliance with the accounting requirements.

Municipal Court

The Report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township's Magistrate under separate cover. Reflected on the following page is a summary of receipts and disbursements for the year ended December 31, 2023:

<u>Agency</u>	<u>Balance Dec. 31, 2022</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance Dec. 31, 2023</u>
State of New Jersey				
Fines & Costs	\$ 595.38	\$ 15,351.74	\$ 14,339.77	\$ 1,607.35
County Treasurer:				
Fines & Costs	787.50	11,223.38	11,186.38	824.50
Municipal Treasurer:				
Lopatcong	1,836.25	30,777.42	30,031.77	2,581.90
Municipality - POAA (FTA)		4.00	4.00	
Conditional Discharge		150.00	150.00	
Public Defender		600.00	600.00	
Fish and Game		100.00	100.00	
Bail		3,725.78	3,650.75	75.03
	<u>\$ 3,219.13</u>	<u>\$ 61,932.32</u>	<u>\$ 60,062.67</u>	<u>\$ 5,088.78</u>

TOWNSHIP OF LOPATCONG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

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

COVID-19 Federal Funding

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

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

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

TOWNSHIP OF LOPATCONG  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

None

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