

*TOWN OF HACKETTSTOWN*  
*COUNTY OF WARREN*  
*REPORT OF AUDIT*  
*2021*

*NISIVOCCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF HACKETTSTOWN

COUNTY OF WARREN

REPORT OF AUDIT

2021

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FISCAL YEAR ENDED DECEMBER 31, 2021

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TOWN OF HACKETTSTOWN

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

YEAR ENDED DECEMBER 31, 2021

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Town Council  
Town of Hackettstown, 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 Town of Hackettstown, in the County of Warren (the "Town") as of and for the years ended December 31, 2021 and 2020, 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 Town as of December 31, 2021 and 2020, 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 Town as of December 31, 2021 and 2020, or the changes in financial position or where applicable, 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 Town, 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 Town 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 State of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

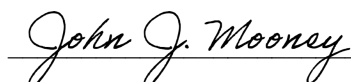
Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Town's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and 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 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 13, 2022 on our consideration of the Town'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 Town'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 Town's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 13, 2022

  
NISIVOCCIA LLP

  
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John J. Mooney  
Certified Public Accountant  
Registered Municipal Accountant No. 560



TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
CURRENT FUND

TOWN OF HACKETTSTOWN  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2021	2020
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 8,701,848.67	\$ 8,025,499.97
Change Fund- Deputy Clerk		150.00	150.00
Change Fund- Court		150.00	150.00
Change Fund- Tax Collector		100.00	100.00
		<u>8,702,248.67</u>	<u>8,025,899.97</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-6	359,277.37	400,877.45
Tax Title Liens Receivable	A-7		99,907.23
Property Acquired for Taxes at Assessed Valuation		861,000.00	861,000.00
Revenue Accounts Receivable	A-8	3,960.14	1,981.92
Due Animal Control Fund	B	2,876.80	9,314.74
Due General Capital Fund	C		2.00
Total Receivables and Other Assets			
With Full Reserves		<u>1,227,114.31</u>	<u>1,373,083.34</u>
Total Regular Fund		<u>9,929,362.98</u>	<u>9,398,983.31</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-11	7,600.50	154,724.70
Due from Current Fund	A	<u>774,548.67</u>	<u>135,437.07</u>
Total Federal and State Grant Fund		<u>782,149.17</u>	<u>290,161.77</u>
<u>TOTAL ASSETS</u>		<u>\$ 10,711,512.15</u>	<u>\$ 9,689,145.08</u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2021</u>	<u>2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 913,580.63	\$ 922,920.02
Encumbered	A-3;A-9	372,678.96	386,443.58
Total Appropriation Reserves		<u>1,286,259.59</u>	<u>1,309,363.60</u>
Prepaid Taxes		158,511.09	254,321.86
Prepaid Licenses		1,635.00	485.00
Tax Overpayments		44,006.62	44,006.62
County Taxes Payable		6,486.69	4,009.00
Due to Federal and State Grant Fund	A	774,548.67	135,437.07
Due to Other Trust Funds	B		347,599.84
Accounts Payable - Vendors		22,754.00	7,030.00
Due to State of New Jersey:			
Senior Citizens' and Veteran's Deductions		9,176.70	9,748.61
Marriage License Fees		250.00	275.00
Construction Code Surcharge Fees		10,394.00	5,042.00
Local School District Taxes Payable	A-10	2,333,247.28	2,104,906.78
Reserve for Tax Appeals		217,383.50	221,030.21
Reserve for Third Party Liens		<u>15,951.54</u>	
		<u>4,880,604.68</u>	<u>4,443,255.59</u>
Reserve for Receivables and Other			
Assets	A	1,227,114.31	1,373,083.34
Fund Balance	A-1	<u>3,821,643.99</u>	<u>3,582,644.38</u>
Total Regular Fund		<u>9,929,362.98</u>	<u>9,398,983.31</u>
Federal and State Grant Fund:			
Reserve for Encumbrances	A-12	9,128.60	
Appropriated Reserves	A-12	249,954.48	269,921.43
Unappropriated Reserves	A-13	<u>523,066.09</u>	<u>20,240.34</u>
Total Federal and State Grant Fund		<u>782,149.17</u>	<u>290,161.77</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,711,512.15</u>	<u>\$ 9,689,145.08</u>

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

TOWN OF HACKETTSTOWN  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

		Year Ended December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,200,000.00	\$ 1,900,000.00
Miscellaneous Revenue Anticipated		1,629,115.94	1,902,545.66
Receipts from:			
Delinquent Taxes		497,293.64	508,036.64
Current Taxes		32,388,353.38	31,624,804.58
Nonbudget Revenue		205,144.57	125,014.89
Other Credits to Income:			
Interfunds Returned		6,439.94	50,933.91
Cancellation of Accounts Payable		85.00	
Unexpended Balance of Appropriation Reserves		941,671.68	922,390.17
Federal and State Grant Reserve Cancelled		118,119.60	12,385.84
Total Income		<u>37,986,223.75</u>	<u>37,046,911.69</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		9,739,858.10	9,406,710.78
County Taxes		6,832,916.15	6,739,223.34
County Share of Added Taxes		6,486.69	4,009.00
Local District School Taxes		18,817,631.00	18,360,950.00
Refund of Prior Year Revenue			1,352.00
Cancellation of Prior Year Prepaid Licenses		85.00	
Interfunds Advanced			5,269.80
Senior Citizen and Veterans Deductions Disallowed		1,000.00	1,250.00
Prior Year Tax Sale Premiums - Due Other Trust Funds		1.00	
Federal and State Grant Receivable Cancelled		<u>149,246.20</u>	<u>10,881.84</u>
Total Expenditures		<u>35,547,224.14</u>	<u>34,529,646.76</u>
Excess in Revenue		2,438,999.61	2,517,264.93
<u>Fund Balance</u>			
Balance January 1	A	<u>3,582,644.38</u>	<u>2,965,379.45</u>
		6,021,643.99	5,482,644.38
Decreased by:			
Utilized as Anticipated Revenue		<u>2,200,000.00</u>	<u>1,900,000.00</u>
Balance December 31	A	<u>\$ 3,821,643.99</u>	<u>\$ 3,582,644.38</u>

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

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 2,200,000.00	\$ 2,200,000.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	6,000.00	8,317.00	\$ 2,317.00
Other	5,000.00	4,714.00	286.00 *
Fees and Permits	55,000.00	81,528.00	26,528.00
Fines and Costs:			
Municipal Court	45,000.00	29,312.79	15,687.21 *
Interest and Costs on Taxes	100,000.00	111,788.17	11,788.17
Interest on Investments	25,000.00	8,426.37	16,573.63 *
Rental Inspection Fees	10,000.00	15,500.00	5,500.00
Energy Receipts Tax	720,587.00	720,587.00	
Garden State Preservation Trust Fund	61,706.00	95,024.00	33,318.00
Hackettstown Regional Medical Center - PILOT	107,000.00	121,545.00	14,545.00
Uniform Construction Code Fees- Building	80,000.00	211,545.00	131,545.00
Uniform Construction Code Fees- Electric	12,000.00	30,864.00	18,864.00
Uniform Construction Code Fees- Fire	10,000.00	15,685.00	5,685.00
Clean Communities Program	17,724.50	17,724.50	
Municipal Alliance on Alcoholism and Drug Abuse- State	2,473.00	2,473.00	
Body Armor Grant	1,666.27	1,666.27	
Department of Justice Bulletproof Vest Grant	998.82	998.82	
Alcohol Education Rehabilitation Fund	1,417.02	1,417.02	
Somer's Charity Fund - Tree Planting	150,000.00	150,000.00	
Total Miscellaneous Revenue	<u>1,411,572.61</u>	<u>1,629,115.94</u>	<u>217,543.33</u>
Receipts from Delinquent Taxes	<u>350,000.00</u>	<u>497,293.64</u>	<u>147,293.64</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	6,744,418.00	7,697,451.64	953,033.64
Minimum Library Tax	349,154.52	349,154.52	
Total Municipal Budget	<u>7,093,572.52</u>	<u>8,046,606.16</u>	<u>953,033.64</u>
Budget Totals	11,055,145.13	12,373,015.74	1,317,870.61
Nonbudget Revenue		205,144.57	205,144.57
	<u>\$ 11,055,145.13</u>	<u>\$ 12,578,160.31</u>	<u>\$ 1,523,015.18</u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 32,388,353.38
Allocated to County and School Taxes	<u>25,657,033.84</u>
Balance for Support of Municipal Budget	6,731,319.54
Add: Appropriation - Reserve for Uncollected Taxes	<u>1,315,286.62</u>
Realized for Support of Municipal Budget	<u><u>\$ 8,046,606.16</u></u>

Analysis of Delinquent Tax Collections:

Delinquent Taxes	\$ 397,386.41
Tax Title Liens	<u>99,907.23</u>
	<u><u>\$ 497,293.64</u></u>

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Cable TV Franchise Fee	\$ 31,494.29	
Nutrition Center Reimbursement	9,000.00	
Police Traffic Administration Fee	23,593.99	
Cat Licenses	984.00	
Copies/Tax Maps/Ordinances	6.45	
Payments in Lieu of Taxes	53,700.00	
Senior Citizens and Veterans Deductions Administration Fee	1,003.56	
200' lists	510.00	
DPW Lien	3,325.00	
FEMA Reimbursement	60,229.91	
Other Miscellaneous Revenues	<u>11,802.22</u>	
		\$ 195,649.42

Statutory Excess Due From Animal Control Fund	2,876.80
Tax Collector Miscellaneous Revenue	<u>6,618.35</u>
	<u><u>\$ 205,144.57</u></u>

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

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS"					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 139,223.90	\$ 139,223.90	\$ 135,467.53	\$ 3,756.37	
Other Expenses	16,000.00	16,000.00	8,153.13	7,846.87	
Mayor and Council:					
Salaries & Wages	35,080.00	35,080.00	33,046.00	2,034.00	
Other Expenses	2,500.00	2,500.00	1,216.94	1,283.06	
Municipal Clerk:					
Salaries & Wages	127,100.00	127,100.00	120,449.35	6,650.65	
Other Expenses	20,000.00	20,000.00	8,334.21	11,665.79	
Financial Administration:					
Salaries & Wages	164,800.00	164,800.00	162,557.14	2,242.86	
Other Expenses	6,000.00	6,000.00	3,965.70	2,034.30	
Audit	39,710.00	39,710.00	39,710.00		
Computerized Data Processing:					
Other Expenses	40,000.00	40,000.00	36,455.98	3,544.02	
Collection of Taxes:					
Salaries & Wages	70,040.00	70,040.00	69,525.03	514.97	
Other Expenses	4,150.00	4,150.00	1,897.10	2,252.90	
Assessment of Taxes:					
Salaries & Wages	42,000.00	42,000.00	41,752.05	247.95	
Miscellaneous Other Expenses	6,000.00	7,000.00	6,985.38	14.62	
Appraisals	10,000.00	9,000.00	3,147.50	5,852.50	

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
GENERAL GOVERNMENT (continued):					
Legal Services and Costs:					
Other Expenses	\$ 100,000.00	\$ 100,000.00	\$ 75,000.00	\$ 25,000.00	
Engineering Services and Costs:					
Other Expenses	22,000.00	22,000.00	19,779.08	2,220.92	
Economic and Industrial Development Commission:					
Other Expenses	5,000.00				
Historical Preservation Commission:					
Salaries & Wages	2,660.00	2,660.00	2,491.98	168.02	
Other Expenses	500.00	500.00	194.50	305.50	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55d-1):					
Planning Board:					
Salaries & Wages	16,890.00	16,890.00	16,889.50	0.50	
Other Expenses	10,100.00	10,100.00	6,376.85	3,723.15	
Board of Adjustment:					
Salaries & Wages-Flood Plain Administrator	3,811.00	3,811.00	3,799.98	11.02	
Other Expenses-Flood Plain Administrator	200.00	200.00		200.00	
Insurance:					
Other Insurance Premiums	173,480.00	173,480.00	170,975.45	2,504.55	
Liability Insurance	149,502.00	149,502.00	149,502.00		
Group Insurance Plan for Employees	850,000.00	850,000.00	737,899.53	112,100.47	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	2,651,208.00	2,651,208.00	2,491,933.53	159,274.47	
Other Expenses	155,020.00	155,020.00	125,221.18	29,798.82	



TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
PUBLIC SAFETY: (continued)					
Emergency Management System:					
Salaries & Wages	\$ 6,865.00	\$ 6,865.00	\$ 5,905.00	\$ 960.00	
Other Expenses	5,070.00	5,070.00	3,992.83	1,077.17	
Fire:					
Salaries & Wages	15,500.00	15,500.00	15,489.50	10.50	
Other Expenses	61,370.00	61,370.00	51,752.37	9,617.63	
Fire Prevention:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Municipal Prosecutor:					
Other Expenses	20,000.00	20,000.00	20,000.00		
PUBLIC WORKS FUNCTIONS:					
Department of Public Works:					
Salaries & Wages	558,740.00	558,740.00	436,547.71	122,192.29	
Other Expenses	264,830.00	264,830.00	205,846.20	58,983.80	
Shade Tree Commission:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Public Buildings and Grounds:					
Salaries & Wages	65,085.00	65,085.00	63,053.21	2,031.79	
Other Expenses	50,200.00	50,200.00	29,414.50	20,785.50	
Vehicle Maintenance:					
Other Expenses	52,500.00	52,500.00	30,864.69	21,635.31	

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations - Within "CAPS" (continued)					
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries & Wages	\$ 17,630.00	\$ 17,630.00	\$ 16,158.09	\$ 1,471.91	
Other Expenses	2,200.00	2,200.00	886.50	1,313.50	
Animal Control:					
Other Expenses	10,000.00	10,000.00	10,000.00		
Senior Center Coordinator:					
Other Expenses	6,000.00	6,000.00		6,000.00	
PARKS AND RECREATION FUNCTIONS:					
Board of Recreation Commissioners:					
Salaries and Wages	241,672.00	241,672.00	236,656.40	5,015.60	
Other Expenses	108,893.00	108,893.00	87,941.55	20,951.45	
UNCLASSIFIED					
Celebration of Public Events:					
Other Expenses	5,000.00	5,000.00	84.67	4,915.33	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	45,775.00	45,775.00	18,842.49	26,932.51	
Street Lighting	100,000.00	100,000.00	86,463.12	13,536.88	
Telephone	58,000.00	58,000.00	57,317.54	682.46	
Heating Oil	46,500.00	46,500.00	34,852.82	11,647.18	
Gasoline and Diesel	100,000.00	100,000.00	70,000.00	30,000.00	
Garbage and Trash Removal	14,975.00	14,975.00	12,597.00	2,378.00	
Municipal Services Act	13,750.00	13,750.00	12,673.62	1,076.38	
COURT AND PUBLIC DEFENDER					
Municipal Court:					
Salaries & Wages	150,350.00	150,350.00	139,932.95	10,417.05	
Other Expenses	9,245.00	9,245.00	3,969.69	5,275.31	

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations - Within "CAPS" (continued)					
Court Officer:					
Salaries & Wages	\$ 10,000.00	\$ 10,000.00	\$ 261.81	\$ 9,738.19	
Public Defender:					
Salaries & Wages	6,180.00	6,180.00	1,660.92	4,519.08	
Rental Property Inspections:					
Salaries & Wages	6,970.00	6,970.00	6,335.01	634.99	
Other Expenses	1,500.00	1,500.00	17.09	1,482.91	
COAH:					
Salaries & Wages	6,525.00	4,496.36		4,496.36	
Construction Code Official:					
Salaries & Wages	260,070.00	260,070.00	227,005.90	33,064.10	
Other Expenses	13,250.00	13,250.00	8,629.64	4,620.36	
Total Operations within "CAPS"	7,203,619.90	7,196,591.26	6,367,879.44	828,711.82	
Contingent	1,500.00	1,500.00		1,500.00	
Total Operations Including Contingent within "CAPS"	7,205,119.90	7,198,091.26	6,367,879.44	830,211.82	
Detail:					
Salaries & Wages	4,598,399.90	4,596,371.26	4,226,918.59	369,452.67	
Other Expenses (Including Contingent)	2,606,720.00	2,601,720.00	2,140,960.85	460,759.15	
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System	243,803.00	250,134.27	250,134.27		
Social Security (O.A.S.I)	366,885.00	366,885.00	295,212.00	71,673.00	
Police and Firemen's Retirement System of New Jersey	568,864.00	569,561.37	569,561.37		
Unemployment Compensation Insurance	12,000.00	12,000.00	12,000.00		
Defined Contribution Retirement Program	9,000.00	9,000.00	7,647.14	1,352.86	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,200,552.00	1,207,580.64	1,134,554.78	73,025.86	

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 8,405,671.90	\$ 8,405,671.90	\$ 7,502,434.22	\$ 903,237.68	
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library	349,155.00	349,155.00	348,882.88	272.12	
Stormwater Management:					
Other Expenses	15,000.00	15,000.00	4,929.17	10,070.83	
Total Other Operations - Excluded from "CAPS"	364,155.00	364,155.00	353,812.05	10,342.95	
Public and Private Programs Offset by Revenue:					
Clean Communities Grant	17,724.50	17,724.50	17,724.50		
Body Armor Grant	1,666.27	1,666.27	1,666.27		
Municipal Alliance Program:					
State Share	2,473.00	2,473.00	2,473.00		
Local Share	618.00	618.00	618.00		
Somer's Charity Fund - Tree Planting	150,000.00	150,000.00	150,000.00		
Department of Justice Bulletproof Vest Grant	998.82	998.82	998.82		
Alcohol Education Rehabilitation Fund	1,417.02	1,417.02	1,417.02		
Total Public and Private Programs Offset by Revenues	174,897.61	174,897.61	174,897.61		
Total Operations - Excluded from "CAPS"	539,052.61	539,052.61	528,709.66	10,342.95	

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Excluded from "CAPS" (continued):					
Detail:					
Other Expenses	\$ 539,052.61	\$ 539,052.61	\$ 528,709.66	\$ 10,342.95	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	725,000.00	725,000.00	725,000.00		
Reserve for Purchase of Fire Truck	35,000.00	35,000.00	35,000.00		
Total Capital Improvements Excluded from "CAPS"	760,000.00	760,000.00	760,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Green Acres Loan Repayments for Principal and Interest	35,134.00	35,134.00	35,133.59		\$ 0.41
Total Municipal Debt Service - Excluded from "CAPS"	35,134.00	35,134.00	35,133.59		0.41
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,334,186.61	1,334,186.61	1,323,843.25	10,342.95	0.41
Subtotal General Appropriations Reserve for Uncollected Taxes	9,739,858.51 1,315,286.62	9,739,858.51 1,315,286.62	8,826,277.47 1,315,286.62	913,580.63	0.41
Total General Appropriations	\$ 11,055,145.13	\$ 11,055,145.13	\$ 10,141,564.09	\$ 913,580.63	\$ 0.41

Ref.

A

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 11,055,145.13</u>	
		<u>\$ 11,055,145.13</u>	
Reserve for Uncollected Taxes			\$ 1,315,286.62
Cash Disbursed			8,592,405.40
Due to Federal and State Grant Fund			174,897.61
Encumbrances	A		<u>372,678.96</u>
			10,455,268.59
Less: Appropriation Refunds			<u>313,704.50</u>
			<u>\$ 10,141,564.09</u>

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

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
TRUST FUNDS

TOWN OF HACKETTSTOWN  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 11,520.00	\$ 18,300.54
		<u>11,520.00</u>	<u>18,300.54</u>
Recreation Trust Fund:			
Cash and Cash Equivalents	B-4	<u>415,426.67</u>	<u>380,656.75</u>
		<u>415,426.67</u>	<u>380,656.75</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,558,790.39	1,013,846.66
Due From Current Fund	A		347,599.84
		<u>1,558,790.39</u>	<u>1,361,446.50</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,985,737.06</u>	<u>\$ 1,760,403.79</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 2,876.80	\$ 9,314.74
Reserve for Animal Control Fund Expenditures	B-5	<u>8,643.20</u>	<u>8,985.80</u>
		<u>11,520.00</u>	<u>18,300.54</u>
Recreation Trust Fund:			
Reserve for Recreation Fund Expenditures		<u>415,426.67</u>	<u>380,656.75</u>
		<u>415,426.67</u>	<u>380,656.75</u>
Other Trust Funds:			
Reserve for:			
Parking Offenses Adjudication Act		1,349.03	2,433.03
Performance Bonds		10,413.67	10,413.67
Council on Affordable Housing Trust (COAH)		306,165.82	227,914.25
Escrow Deposits		492,201.43	349,762.34
Accrued Sick Leave		327,824.27	188,147.27
Unemployment Compensation Fund		141,376.39	125,578.95
Recycling Funds		8,171.83	16,703.48
Business District Improvement Funds		1,799.25	8,618.23
Storm Recovery		82,413.49	104,996.32
Police Outside Duty		32,426.21	25,629.96
Forfeiture		13,252.69	13,252.69
Fire Prevention Penalty		2,032.19	2,032.19
Fire Department Penalty Account		264.12	264.12
Tax Sale Premiums		<u>139,100.00</u>	<u>285,700.00</u>
Total Other Trust Funds		<u>1,558,790.39</u>	<u>1,361,446.50</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,985,737.06</u>	<u>\$ 1,760,403.79</u>

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



TOWN OF HACKETTSTOWN  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

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

TOWN OF HACKETTSTOWN  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

TOWN OF HACKETTSTOWN  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

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

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
GENERAL CAPITAL FUND

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2021	2020
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 3,153,606.08	\$ 2,599,086.91
NJ Department of Transportation Grants Receivable			42,445.00
Other Receivables - Men's Softball and League Donation			1,000.00
Deferred Charges to Future Taxation:			
Funded		60,360.36	93,784.47
<u>TOTAL ASSETS</u>		<u>\$ 3,213,966.44</u>	<u>\$ 2,736,316.38</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Green Acres Loan Payable	C-9	\$ 60,360.36	93,784.47
Improvement Authorizations:			
Funded	C-5	193,046.27	193,485.86
Due Current Fund	A		2.00
Capital Improvement Fund	C-6	2,566,756.80	2,167,683.51
Reserve for:			
Encumbrances	C-5	146,783.34	69,340.47
Payment of Debt Service			1.74
Purchase of Fire Truck		245,000.00	210,000.00
Fund Balance	C-1	2,019.67	2,018.33
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,213,966.44</u>	<u>\$ 2,736,316.38</u>

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

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 2,018.33
Increased by:		
Cancellation of Reserve to Pay Debt Service		1.74
		<u>2,020.07</u>
Decreased by:		
Cancellation of HMUA Receivable		0.40
		<u>0.40</u>
Balance December 31, 2021	C	<u>\$ 2,019.67</u>

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

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
WATER UTILITY FUND  
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN

COUNTY OF WARREN

2021

SEWER UTILITY FUND

(NOT APPLICABLE)

TOWN OF HACKETTSTOWN

COUNTY OF WARREN

2021

PUBLIC ASSISTANCE FUND

(NOT APPLICABLE)



TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF HACKETTSTOWN  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2021	2020
<u>ASSETS</u>		
Land	\$ 3,718,300.00	\$ 3,718,300.00
Buildings	4,181,143.00	4,181,143.00
Machinery and Equipment	5,850,873.23	5,650,564.13
<u>TOTAL ASSETS</u>	<u>\$ 13,750,316.23</u>	<u>\$13,550,007.13</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	<u>\$ 13,750,316.23</u>	<u>\$13,550,007.13</u>
<u>TOTAL RESERVES</u>	<u>\$ 13,750,316.23</u>	<u>\$13,550,007.13</u>

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021

1

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of the Town of Hackettstown include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Town of Hackettstown, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Town of Hackettstown do not include the operations of the Volunteer Fire and First Aid Squads or the Municipal Library.

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 Town of Hackettstown 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 Town of Hackettstown 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.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

2

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.

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Town as discussed in Note 1D.

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 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 and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is received and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves.

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.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

3

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

C. Basis of Accounting (Cont'd)

Had the Town of Hackettstown'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 and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and the Town's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust Funds.

D. Other Significant Accounting Policies:

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.

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

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

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.

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.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

4

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

D. Other Significant Accounting Policies (Cont'd)

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

General fixed assets are recorded at cost except for land and building, which are recorded at 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 fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a reserve entitled "Investment in 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 and the general capital fund. The values recorded in the general fixed assets account group, the current fund, and the general capital fund 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.

- E. Deferred Charges to Future Taxation – The 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, by collecting a grant, by selling bonds, by loans or by capital lease purchase agreements.
- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current Operating Fund. 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 Town during the year.

Note 2: Long-Term Debt

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

Summary of Municipal Debt

	December 31,		
	2021	2020	2019
<u>Issued:</u>			
General:			
Loans Payable	\$ 60,360.36	\$ 93,784.47	\$ 126,549.99
Total Issued	<u>60,360.36</u>	<u>93,784.47</u>	<u>126,549.99</u>
Less: Reserve to Pay Debt Service		1.74	1.74
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 60,360.36</u>	<u>\$ 93,782.73</u>	<u>\$ 126,548.25</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.006%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 60,360.36		\$ 60,360.36
Local School Debt	<u>4,311,000.00</u>	<u>\$ 4,311,000.00</u>	
	<u>\$ 4,371,360.36</u>	<u>\$ 4,311,000.00</u>	<u>\$ 60,360.36</u>

Net Debt \$60,360.36 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,048,459,821.67= 0.006%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 36,696,093.76
Net Debt	<u>60,360.36</u>
Remaining Borrowing Power	<u>\$ 36,635,733.40</u>

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/2020</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2021</u>
Loans Payable:			
General Capital Fund	\$ 93,784.47	\$ 33,424.11	\$ 60,360.36
Total	<u>\$ 93,784.47</u>	<u>\$ 33,424.11</u>	<u>\$ 60,360.36</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> <u>12/31/2019</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2020</u>
Loans Payable:			
General Capital Fund	\$ 126,549.99	\$ 32,765.52	\$ 93,784.47
Total	<u>\$ 126,549.99</u>	<u>\$ 32,765.52</u>	<u>\$ 93,784.47</u>

Schedule of Annual Debt Service For Principal and Interest for the Next Three Years for Loans Issued and Outstanding

The schedule of annual debt service for principal and interest on the loan payable is as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 23,784.39	\$ 1,088.87	\$ 24,873.26
2023	24,262.47	610.80	24,873.27
2024	<u>12,313.50</u>	<u>123.14</u>	<u>12,436.64</u>
	<u>\$ 60,360.36</u>	<u>\$ 1,822.81</u>	<u>\$ 62,183.17</u>



TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

Analysis of Debt Issued and Outstanding

<u>General Capital Green Acres Loans Payable</u>			
<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Green Acres Loan #1	5/16/2024	2.00%	<u>\$ 60,360.36</u>

Note 3: Green Acres Trust Program

The Town was approved for the Green Acres Trust Program. The program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement to land for recreation.

Payments of principal and interest on the loans are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments are to commence nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 10 to 20 years. Interest on the loans, is at the rate of 2% annually on the outstanding balance.

Note 4: Fund Balance Appropriated

Fund balance at December 31, 2021, which is appropriated and included in the adopted budget as anticipated revenue in the Current Fund for the year ending December 31, 2022 is \$2,333,318.

Note 5: Local School District 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 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:

	<u>Local School Tax</u>	
	<u>Balance 12/31/2021</u>	<u>Balance 12/31/2020</u>
Balance of Tax	\$ 9,408,820.52	\$ 9,180,480.02
Deferred	<u>7,075,573.24</u>	<u>7,075,573.24</u>
Tax Payable	<u>\$ 2,333,247.28</u>	<u>\$ 2,104,906.78</u>

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans

Town 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:

<u>Tier</u>	<u>Definition</u>
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

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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.

Town contributions to PERS amounted to \$250,134.27 for 2021.

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Town's liability was \$3,634,344 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Town's proportion was .0222%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2019. The Town has rolled forward the net pension liability as of June 30, 2020 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 to include the June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.

For the year ended December 31, 2021, the Town recognized actual pension expense in the amount of \$250,134.27.

Actuarial Assumptions

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

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service

Investment Rate of Return	7.00%
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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-2020.

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2020) 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, 2020 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%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the Town'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, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Town's proportionate share of the Net Pension Liability	\$ 4,564,898	\$ 3,634,344	\$ 2,829,861

Pension Plan Fiduciary Net Position

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

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

The 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.

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. 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.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

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 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.

Town contributions to PFRS amounted to \$569,561.37 for the year ended December 31, 2021. During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$78,574 to the PFRS for normal pension benefits on behalf of the Town, which is less than the contractually required contribution of \$115,723.

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Town's liability for its proportionate share of the net pension liability was \$6,579,543. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Town's proportion was .0509%, which was a decrease of .0029% from its proportion measured as of June 30, 2019. The Town has rolled forward the net pension liability as of June 30, 2020 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, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.



TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

Additionally, the State's proportionate share of the net pension liability attributable to the Town is \$1,021,115 as of June 30, 2020. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the Town was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the State's proportion was .0509%, which was a decrease of .0029% from its proportion measured as of June 30, 2019 which is the same proportion as the Town's.

Town's Proportionate Share of the Net Pension Liability	\$ 6,579,543
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>1,021,115</u>
Total Net Pension Liability	<u>\$ 7,600,658</u>

For the year ended December 31, 2021, the Town recognized total pension expense of \$569,561.37.

Actuarial Assumptions

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

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through all future years	3.25 – 15.25% based on years of service
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Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2020) 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, 2020 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%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 made based on 78% 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 pension plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Town) 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 Town) as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what 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, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Town's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Town	\$ 10,107,310	\$ 7,600,658	\$ 5,518,691

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-

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 Town recognized pension expense of \$7,647.14 for the year ended December 31, 2021. Employee contributions to DCRP amounted to \$18,045.93 for the year ended December 31, 2021.

Note 7: 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>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	\$ 3.196	\$ 3.129	\$ 3.044
<u>Apportionment of Tax Rate:</u>			
Municipal	0.692	0.679	0.666
County	0.647	0.633	0.609
Local School Tax	1.836	1.791	1.745
County Open Space Tax	0.021	0.026	0.024
<u>Assessed Valuations:</u>			
2021	<u>\$ 1,024,589,900</u>		
2020		<u>\$ 1,025,153,600</u>	
2019			<u>\$ 1,027,583,160</u>

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2021	\$ 32,776,928.23	\$ 32,388,353.38	98.81%
2020	32,096,092.26	31,624,804.58	98.53%
2019	31,304,036.81	30,601,436.71	97.75%

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 8: 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 Town 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 Town 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 Town ensures that any deposit or investment 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 Town limits its investments to those authorized in its cash management plan which are permitted under state statutes as on the following two pages.

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 8: Cash and Cash Equivalents (Cont'd)

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or 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, and

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 Town 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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 8: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (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 statute 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.

As of December 31, 2021, cash and cash equivalents of the Town of Hackettstown consisted of the following:

	<u>Checking Accounts</u>	<u>Cash on Hand</u>	<u>Total</u>
Current Fund	\$ 8,701,848.67	\$ 400.00	\$ 8,702,248.67
Animal Control Fund	11,520.00		11,520.00
Recreation Trust Fund	415,426.67		415,426.67
Other Trust Funds	1,558,790.39		1,558,790.39
General Capital Fund	<u>3,153,606.08</u>		<u>3,153,606.08</u>
	<u>\$ 13,841,191.81</u>	<u>\$ 400.00</u>	<u>\$ 13,841,591.81</u>

During the year ended December 31, 2021, the Town did not hold any investments. The carrying amount of the Town's cash and cash equivalents at December 31, 2021, was \$13,841,591.81 and the bank balance was \$13,996,352.83.

Note 9: Risk Management:

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

The Town of Hackettstown is currently a member of the Statewide Insurance Fund (the "Fund"). The fund provides its members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is risk-sharing public entity risk pool that is an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective 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 is elected.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 9: Risk Management: (Cont'd)

As a member of the Fund, the Town 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 Funds' liabilities.

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, 2021 audit report for the Fund is not filed as of the date of this audit. Selected, summarized financial information for the Fund as of December 31, 2020 is as follows:

	Statewide Insurance Fund Dec. 31, 2020
Total Assets	\$ 50,426,242
Net Position	\$ 17,737,333
Total Revenue	\$ 25,411,881
Total Expenses	\$ 22,716,618
Change in Net Position	\$ 2,695,263
Member Dividends	\$ -0-

Contact information for Statewide Insurance Fund is as follows:

Statewide Insurance Fund  
One Sylvan Way  
Parsippany, New Jersey 07054  
(862) 260-2050

New Jersey Unemployment Compensation Insurance

The Town has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Town 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 Town is billed quarterly for amounts due to the state.

The following is a summary of Town and employee contributions, interest earned and amounts reimbursed to the State for benefits paid and the ending balance of the Town's expendable trust fund for the current and previous two years.

Year	Town Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2021	\$ -0-	\$ 16,345.36	\$ 92.10	\$ 640.02	\$ 141,376.39
2020	-0-	15,847.58	286.30	979.91	125,578.95
2019	-0-	16,180.54	2,076.19	11,696.58	110,424.98



TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 2,876.80	\$774,548.67
Federal and State Grant	774,548.67	
Animal Control Trust		2,876.80
	<u>\$ 777,425.47</u>	<u>\$777,425.47</u>

Interfund activity between the Current Fund and the Federal and State Grant Fund consisted mostly of receipts and expenditures flowing through the Current Fund during the year. The interfund between Current Fund and Animal Control Trust is the statutory excess due to Current Fund at year end.

Note 11: Economic Dependency

The Town 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 Town's programs and activities.

Note 12: Contingent Liabilities

The Town 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 Town vigorously contests 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 Town 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 Town's assessments. The Town has established a reserve, which it feels is sufficient, for this contingency and the balance at December 31, 2021 is \$217,383.50.

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 Town 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 Town officials expect such amounts, if any, to be immaterial.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 13: Deferred Compensation

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrator is as follows:

- Variable Annuity Life Insurance Company

Note 14: Accrued Sick and Vacation Benefits

The Town has permitted full-time employees to accrue unused vacation and sick pay and carry over all unused sick days. The current cost of such unpaid compensation has been estimated at approximately \$1,012,643.41 at December 31, 2021, and is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accrued Sick Leave of \$327,824.27 on the Trust Funds balance sheet at December 31, 2021.

Note 15: Fixed Assets

The following schedule is a summarization of the general fixed assets for the years ended December 31, 2021 and 2020:

	Balance Dec. 31, 2020	Additions	Deletions/ Adjustments	Balance Dec. 31, 2021
Land	\$ 3,718,300.00			\$ 3,718,300.00
Buildings	4,181,143.00			4,181,143.00
Machinery and Equipment	5,650,564.13	\$ 202,624.10	\$ 2,315.00	5,850,873.23
	<u>\$ 13,550,007.13</u>	<u>\$ 202,624.10</u>	<u>\$ 2,315.00</u>	<u>\$ 13,750,316.23</u>

	Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Land	\$ 3,718,300.00			\$ 3,718,300.00
Buildings	4,181,143.00			4,181,143.00
Machinery and Equipment	5,621,505.59	\$ 157,281.60	\$ 128,223.06	5,650,564.13
	<u>\$ 13,520,948.59</u>	<u>\$ 157,281.60</u>	<u>\$ 128,223.06</u>	<u>\$ 13,550,007.13</u>

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 16: 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, 2021, The Town provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Town pursuant to the authority contained in Section 5 of the Senior Citizens Nonprofit Rental Housing Tax Law (N.J.S.A. 55:14I-5) (the "Law") and a resolution of the governing body dated July 10, 2014 and an agreement dated July 16, 2014. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Town an annual service charge. The annual service charge made by the nonprofit corporation will be equal to 15% of the annual gross rents derived from such housing project as detailed in the tax abatement agreement. The tax abatement provided under the agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first.

The Town recognized revenue in the amount of \$48,300 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2021 without the abatement would have been \$197,087.73 of which \$42,673.56 would have been for the local municipal tax and the minimum library tax.

Note 17: 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>.

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 17: Postemployment Benefits Other Than Pensions (OPEB)

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

Benefits Provided (Cont'd)

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.

Special Funding Situation

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

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 17: Postemployment Benefits Other Than Pensions (OPEB)

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

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 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 (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. 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.

OPEB Expense

The Town has rolled forward the net OPEB liability as of June 30, 2020 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, 2020 OPEB information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The State's proportionate share of the net OPEB liability attributable to the Town at June 30, 2020 was \$6,745,234. At June 30, 2020, the State's proportion related to the Town was .123487%. This is the percentage of the total State Share of the net OPEB liability of the Plan. During the year ended June 30, 2020, the State of New Jersey's OPEB expense related to the Town was \$335,779.

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.

Inflation Rate	2.50%
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Salary Increases\*:

Public Employees' Retirement System (PERS)

Initial fiscal year applied

Rate through 2026	2.00% - 6.00%
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Rate thereafter	3.00% to 7.00%
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Police and Firemen's Retirement System (PFRS)

Rate for all future years	3.25% to 15.25%
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\* - Salary increases are based on years of service within the respective plan.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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Note 17: Postemployment Benefits Other Than Pensions (OPEB)

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

Actuarial Assumptions and Other Inputs (Cont'd)

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 – June 30, 2018, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.6% and decreases to a 4.5% long term trend rate after seven years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%. 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.

TOWN OF HACKETTSTOWN

SUPPLEMENTARY DATA

TOWN OF HACKETTSTOWN  
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2021

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Gerald DiMaio, Jr.	Mayor		
Eric Tynan	Member of Council		
Matthew Engellau	Member of Council		
Leonard Kunz	Member of Council		
Jody Becker	Member of Council		
Scott Sheldon	Member of Council		
James Lambo	Member of Council		
William Kuster, Jr.	Town Clerk/Administrator, Registrar of Vital Statistics	Blanket	Zurich Insurance Company
Danette Dyer	Treasurer and Chief Financial Officer	\$ 10,000	Selective Insurance Company of America
Patricia Noll	Tax Collector	160,000	Selective Insurance Company of America
Laura Moore	Court Administrator	Blanket	Zurich Insurance Company
Maria Molina	Deputy Court Administrator	Blanket	Zurich Insurance Company
Jason Cohen	Tax Assessor and Variance Search Officer	Blanket	Zurich Insurance Company
Nicole Natasha Lenar DeLauri	Magistrate	10,000	Selective Insurance Company of America
Mark Peck	Attorney		

Certain employees of the Town of Hackettstown were covered by a Public Employees Faithful Performance Blanket Position Bond issued by the Zurich Insurance Company in the amount of \$1,000,000.00.

All of the bonds issued by Selective Insurance Company and the Zurich Insurance Company were examined and appeared to be properly executed.



TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
CURRENT FUND

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 8,025,499.97
Increased by Receipts:		
Tax Collector Account	\$ 33,450,342.70	
Revenue Accounts Receivable	1,342,998.16	
Miscellaneous Revenue Not Anticipated	195,649.42	
Due to Federal and State Grant Fund:		
Unappropriated Reserves	522,966.09	
Federal and State Grants Receivable	152,017.27	
Prepaid Licenses	1,635.00	
Due from State of N.J.:		
Veterans' and Senior Citizens' Deductions	50,178.09	
Construction Code Fees	18,207.00	
Marriage License Fees	1,200.00	
Due General Capital Fund:		
Prior Year Interfund Returned	2.00	
Due Animal Control Fund:		
Prior Year Interfund Returned	9,314.74	
Appropriation Refunds	313,704.50	
		<u>36,058,214.97</u>
		44,083,714.94
Decreased by Disbursements:		
2021 Appropriation Expenditures	8,592,405.40	
2020 Appropriation Reserve Expenditures	349,052.92	
Accounts Payable	3,000.00	
Local School District Taxes	18,589,290.50	
County Taxes	6,836,925.15	
Tax Overpayments Refunded	24,965.47	
Refund of Prior Year Prepaid Food Licenses	350.00	
Third Party Liens Redeemed	508,964.61	
Tax Sale Premiums Refunded	39,000.00	
Due Hackettstown Municipal Utilities Authority	4,968.31	
Due to State of New Jersey:		
Construction Code Fees	12,855.00	
Marriage License Fees	1,225.00	
Due from Federal and State Grant Fund:		
Appropriated Reserves	67,616.36	
Due Other Trust Fund	347,600.84	
Reserve for Tax Appeals	3,646.71	
		<u>35,381,866.27</u>
Balance December 31, 2021	A	<u>\$ 8,701,848.67</u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2021

Increased by Receipts:

Taxes Receivable	\$ 32,479,667.93	
2022 Prepaid Taxes	158,511.09	
Interest and Costs on Taxes	111,788.17	
Tax Sale Premium	39,000.00	
Tax Overpayments	24,965.47	
Tax Title Liens Redemption	99,907.23	
Tax Title Liens Redemption - Due to HMUA	4,968.31	
Third Party Liens Redemption	524,916.15	
Year End Penalty	6,618.35	
	<hr/>	<u>\$ 33,450,342.70</u>

Decreased by:

Payments to Treasurer		<u><u>\$ 33,450,342.70</u></u>
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TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance Dec. 31 2020</u>	<u>2021 Levy</u>	<u>Collections</u>		<u>State of NJ Veterans' and Senior Citizens' Deductions</u>	<u>Cancellations</u>	<u>Balance Dec. 31, 2021</u>
			<u>2020</u>	<u>2021</u>			
2020	\$ 400,877.45			\$ 397,386.41	\$ (1,000.00)	\$ 4,491.04	
2021		\$ 32,776,928.23	\$ 254,321.86	32,082,281.52	51,750.00	29,297.48	\$ 359,277.37
	<u>\$ 400,877.45</u>	<u>\$ 32,776,928.23</u>	<u>\$ 254,321.86</u>	<u>\$ 32,479,667.93</u>	<u>\$ 50,750.00</u>	<u>\$ 33,788.52</u>	<u>\$ 359,277.37</u>
<u>Ref.</u>	A						A
<u>Analysis of 2021 Property Tax Levy</u>							
General Purpose Tax							
Added Taxes (54:4-63.1 et seq.)			\$ 32,745,893.20				
			<u>31,035.03</u>	<u>\$ 32,776,928.23</u>			
Tax Levy:							
Local School District Taxes							
County Taxes:							
County Taxes			\$ 6,832,916.15				
Due County for Added and Omitted Taxes			<u>6,486.69</u>	<u>6,839,402.84</u>			
				<u>25,657,033.84</u>			
Local Tax for Municipal Purposes							
Minimum Library Tax			6,744,418.00				
Add: Additional Tax Levied			<u>349,154.52</u>				
			<u>26,321.87</u>	<u>7,119,894.39</u>			
				<u>\$ 32,776,928.23</u>			

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
YEAR ENDED DECEMBER 31, 2021

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 99,907.23
Decreased by:		
Redeemed Liens		<u>99,907.23</u>
Balance December 31, 2021	A	<u><u>\$ -0-</u></u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2020	Accrued in 2021	Collected by Tax Collector	Collected by Treasurer	Balance Dec. 31, 2021
Clerk:					
Alcoholic Beverage License		\$ 8,317.00		\$ 8,317.00	
Other Licenses		4,714.00		4,714.00	
Fees and Permits		81,528.00		81,528.00	
Construction Code Official:					
Building Fees		211,545.00		211,545.00	
Electric Fees		30,864.00		30,864.00	
Fire Fees		15,685.00		15,685.00	
Hackettstown Regional Medical Center - Pilot		121,545.00		121,545.00	
Municipal Court	\$ 1,981.92	31,291.01		29,312.79	\$ 3,960.14
Interest and Costs on Taxes		96,093.39	\$ 111,788.17		
Interest Earned on Investments and Deposits		8,425.06		8,426.37	
Garden State Preservation Trust		95,024.00		95,024.00	
Energy Receipts Tax		720,587.00		720,587.00	
Rental Inspection Fee		15,500.00		15,500.00	
	<u>\$ 1,981.92</u>	<u>\$ 1,441,118.46</u>	<u>\$ 111,788.17</u>	<u>\$ 1,343,048.16</u>	<u>\$ 3,960.14</u>
Ref.	A		Cash Received	\$ 1,342,998.16	A
			Prepaid Licenses Applied	50.00	
				<u>\$ 1,343,048.16</u>	

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance Dec. 31, 2020	Balance After Modi- fication	Paid or Charged	Balance Lapsed
<b>GENERAL GOVERNMENT:</b>				
General Administration:				
Salaries and Wages	\$ 3,862.81	\$ 3,862.81		\$ 3,862.81
Other Expenses	7,212.33	7,212.33	\$ 924.77	6,287.56
Mayor and Council:				
Salaries and Wages	3,235.10	3,235.10		3,235.10
Other Expenses	953.32	953.32	489.98	463.34
Municipal Clerk:				
Salaries and Wages	6,667.93	6,667.93		6,667.93
Other Expenses	7,366.36	7,366.36	19.20	7,347.16
Financial Administration:				
Salaries and Wages	1,673.40	1,673.40		1,673.40
Other Expenses	3,599.90	3,599.90	567.79	3,032.11
Auditing Services:				
Other Expenses	33,435.00	33,435.00	33,435.00	
Computerized Data Processing:				
Other Expenses	8,419.01	8,419.01	3,510.12	4,908.89
Collection of Taxes:				
Salaries and Wages	500.00	500.00		500.00
Other Expenses	1,346.06	1,346.06	699.68	646.38
Assessment of Taxes:				
Salaries and Wages	38.40	38.40		38.40
Other Expenses:				
Miscellaneous Other Expenses	4,148.41	4,148.41	1,629.64	2,518.77
Appraisals	5,150.00	5,150.00		5,150.00
Legal Services and Costs:				
Other Expenses	43,283.06	43,283.06	6,659.14	36,623.92
Engineering Services and Costs:				
Other Expenses	11,773.75	11,773.75	1,517.13	10,256.62
Historical Preservation:				
Salaries and Wages	160.04	160.04		160.04
Other Expenses	500.00	500.00	97.46	402.54
<b>LAND USE ADMINISTRATION:</b>				
Planning Board:				
Salaries and Wages	481.04	481.04		481.04
Other Expenses	3,484.44	3,484.44	288.75	3,195.69
Board of Adjustment:				
Salaries & Wages - Flood Plain Administrator	10.98	10.98		10.98
Other Expenses - Flood Plain Administrator	200.00	200.00		200.00
<b>INSURANCE:</b>				
Other Insurance Premiums	2,501.01	2,501.01		2,501.01
Liability Insurance	2.00	2.00		2.00
Group Insurance Plans for Employees	295,445.29	295,445.29	162,343.33	133,101.96

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Balance Dec. 31, 2020	Balance After Modi- fication	Paid or Charged	Balance Lapsed
PUBLIC SAFETY FUNCTIONS:				
Police:				
Salaries and Wages	\$ 125,181.74	\$ 125,181.74	\$ 439.92	\$ 124,741.82
Other Expenses	52,758.76	52,758.76	17,163.00	35,595.76
First Aid Contributions:				
Other Expenses	25,000.00	25,000.00		25,000.00
Emergency Management Services:				
Salaries and Wages	933.00	933.00		933.00
Other Expenses	1,392.95	1,392.95	6.55	1,386.40
Fire:				
Salaries and Wages	4.00	4.00		4.00
Other Expenses	27,864.52	27,864.52	17,474.39	10,390.13
Fire Prevention:				
Other Expenses	1,000.00	1,000.00		1,000.00
PUBLIC WORKS FUNCTIONS:				
Department of Public Works:				
Salaries and Wages	122,198.96	122,198.96	2,898.24	119,300.72
Other Expenses	106,053.54	106,053.54	22,404.44	83,649.10
Shade Tree Commission:				
Other Expenses	4,160.00	4,160.00		4,160.00
Buildings and Grounds:				
Salaries and Wages	5,264.77	5,264.77		5,264.77
Other Expenses	19,418.51	19,418.51	868.97	18,549.54
Vehicle Maintenance:				
Other Expenses	29,970.01	29,970.01	2,398.32	27,571.69
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Board of Health:				
Salaries and Wages	1,426.96	1,426.96		1,426.96
Other Expenses	1,651.02	1,651.02	407.48	1,243.54
PARKS AND RECREATION FUNCTIONS:				
Board of Recreation Commissioners:				
Salaries and Wages	2,760.08	2,760.08		2,760.08
Other Expenses	14,405.57	14,405.57	3,065.74	11,339.83
UNCLASSIFIED:				
Celebration of Public Events:				
Other Expenses	4,450.00	4,450.00		4,450.00
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	39,412.41	39,412.41		39,412.41
Other Expenses	6,064.58	6,064.58	335.85	5,728.73



TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Balance Dec. 31, 2020	Balance After Modi- fication	Paid or Charged	Balance Lapsed
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	\$ 15,916.56	\$ 15,916.56	\$ 3,223.51	\$ 12,693.05
Street Lighting	22,246.52	22,246.52	6,710.27	15,536.25
Telephone	9,412.85	9,412.85	8,775.94	636.91
Heating Oil	23,500.01	23,500.01	5,404.48	18,095.53
Gasoline and Diesel	25,000.00	25,000.00		25,000.00
Garbage and Trash Removal	850.52	850.52		850.52
Municipal Services Act	1,298.10	1,298.10		1,298.10
Municipal Court:				
Salaries and Wages	7,411.73	7,411.73		7,411.73
Other Expenses	5,588.15	5,588.15	287.15	5,301.00
Court Officer:				
Salaries and Wages	7,657.62	7,657.62		7,657.62
Public Defender (P.L. 1997, C. 256):				
Salaries and Wages	3,984.30	3,984.30		3,984.30
Rental Property Inspections:				
Salaries and Wages	615.00	615.00		615.00
Other Expenses	1,252.57	1,252.57	178.02	1,074.55
COAH:				
Salaries and Wages	250.00	250.00		250.00
Contingent	1,500.00	1,500.00		1,500.00
STATUTORY EXPENDITURES:				
Contribution to:				
Public Employees Retirement System	0.38	0.38		0.38
Social Security System (O.A.S.I.)	74,566.43	74,566.43		74,566.43
Police and Firemen's Retirement System of NJ	0.46	0.46		0.46
Defined Contribution Retirement Plan	2,279.31	2,279.31		2,279.31
Maintenance of Free Public Library:				
Other Expenses	62,101.17	62,101.17	62,097.99	3.18
Stormwater Management:				
Other Expenses	7,110.90	7,110.90	1,369.67	5,741.23
	<u>\$ 1,309,363.60</u>	<u>\$ 1,309,363.60</u>	<u>\$ 367,691.92</u>	<u>\$ 941,671.68</u>
<u>Analysis of Balance December 31, 2020:</u>				
	<u>Ref.</u>			
Unencumbered	A	\$ 922,920.02	Cash Disbursed	\$ 349,052.92
Encumbered	A	386,443.58	Accounts Payable	18,639.00
		<u>\$ 1,309,363.60</u>		<u>\$ 367,691.92</u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

Ref.

Balance December 31, 2020:

Local School Tax Payable  
Local School Tax Deferred

A      \$    2,104,906.78  
7,075,573.24  


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9,180,480.02

Increased by:

Levy - School Year July 1, 2021  
through June 30, 2022

18,817,631.00  


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27,998,111.02

Decreased by:

Payments to Local School District

18,589,290.50  


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\$    9,408,820.52  


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Balance December 31, 2021:

Local School Tax Payable  
Local School Tax Deferred

A      2,333,247.28  
7,075,573.24  


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\$    9,408,820.52  


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Analysis of Increase - Deferred School Tax:

Balance December 31, 2021

\$    7,075,573.24

Balance December 31, 2020

7,075,573.24  


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Net Increase Credited to Operations

\$            -0-  


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TOWN OF HACKETTSTOWN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Balance Dec. 31, 2020	2021 Budget Revenue Realized	Cash Receipts	Transferred From Unappropriated Reserves	Balance Cancelled	Balance Dec. 31, 2021
Municipal Alliance Program - 2018	\$ 6,883.64				\$ 6,883.64	
Municipal Alliance Program - 2019	8,083.00				8,083.00	
Municipal Alliance Program - 2020	2,473.00		\$ 351.00			\$ 2,122.00
Municipal Alliance Program - 2021		\$ 2,473.00				2,473.00
Alcohol Education and Rehabilitation		1,417.02		\$ 1,417.02		
Statewide Insurance Risk Control Grant	3,005.50					3,005.50
Department of Justice Bulletproof Vest Grant		998.82		998.82		
Clean Communities Grant		17,724.50		17,724.50		
Body Armor Grant		1,666.27	1,666.27			
Somer's Charity Fund - Tree Planting		150,000.00	150,000.00			
Highlands Conformance Implementation Grant	25,000.00				25,000.00	
Highlands Plan Conformance Grant	76,779.56				76,779.56	
Highlands Response Review Grant	7,500.00				7,500.00	
Highlands TDR Feasibility	25,000.00				25,000.00	
	<u>\$ 154,724.70</u>	<u>\$ 174,279.61</u>	<u>\$ 152,017.27</u>	<u>\$ 20,140.34</u>	<u>\$ 149,246.20</u>	<u>\$ 7,600.50</u>

Ref.

A

A

TOWN OF HACKETTSTOWN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2020	Transferred from 2021 Budget	Cash Disbursed	Unexpended Balance Cancelled	Encumbrances Payable	Balance Dec. 31, 2021
Drunk Driving Enforcement Fund - 2019	\$ 1,909.23					\$ 1,909.23
Drunk Driving Enforcement Fund - 2017	5,530.10					5,530.10
Drunk Driving Enforcement Fund - 2016	11,150.93					11,150.93
Drunk Driving Enforcement Fund - 2015	17,198.17					17,198.17
Drunk Driving Enforcement Fund - 2014	5,802.10		\$ 358.00			5,444.10
Municipal Alliance Grant:						
Reserve for Municipal Alliance Grant	472.93			\$ 472.93		
State - 2021		\$ 2,473.00	903.75			1,569.25
State - 2020	2,473.00		2,473.00			
State - 2019	8,083.00			8,083.00		
State - 2018	3,985.00			3,985.00		
Matching - 2016	128.80			128.80		
Matching - 2017	22.42			22.42		
Matching - 2018	2,634.00			2,634.00		
Matching - 2019	2,410.00			2,410.00		
Matching - 2020	618.00		618.00			
Matching - 2021		618.00				618.00
Clean Communities Grant - 2020		17,724.50				17,724.50
Clean Communities Grant - 2019	19,657.38					19,657.38
Clean Communities Grant - 2018	17,781.05					17,781.05
Clean Communities Grant - 2017	13,788.19		7,719.28			6,068.91
Body Armor Replacement Grant - 2018	502.41				\$ 502.41	
Body Armor Replacement Grant - 2019	2,094.76				557.79	1,536.97
Body Armor Replacement Grant - 2020		1,666.27				1,666.27
Department of Justice Bulletproof Vest Grant - 2020		998.82				998.82
Department of Justice Bulletproof Vest Grant - 2019	961.70					961.70
Department of Justice Bulletproof Vest Grant - 2017	2,032.19				1,173.40	858.79
Department of Justice Bulletproof Vest Grant - 2018	947.00				947.00	
Emergency Management Grant	3,352.76				1,259.06	2,093.70
Alcohol Education and Rehabilitation - 2020		1,417.02	793.94			623.08
Alcohol Education and Rehabilitation - 2018	1,464.65					1,464.65
Alcohol Education and Rehabilitation - 2015	530.40					530.40
Alcohol Education and Rehabilitation -2014	2,481.37					2,481.37
Alcohol Education and Rehabilitation - 2013	1,952.66					1,952.66
Alcohol Education and Rehabilitation - 2012	2,644.19					2,644.19
Statewide Insurance Risk Control Grant	3,005.50		2,922.00			83.50
Warren County OEM Program	6,888.94		2,200.00		4,688.94	
Warren County- Stormwater Grant	178.54					178.54
FEMA - Fire Equipment Grant	9,565.50		9,565.50			
Canine Unit Grant	6,186.11		1,006.44			5,179.67
Moose Lodge Donation	152.00					152.00
Somer's Charity Fund - Tree Planting	10,953.00	150,000.00	39,056.45			121,896.55
Highlands Conformance Implementation Grant	18,568.85			18,568.85		
Highlands Plan Conformance Grant	60,444.49			60,444.49		
Highlands Response Review Grant	1,386.36			1,386.36		
Highlands TDR Feasibility	19,983.75			19,983.75		
	<u>\$ 269,921.43</u>	<u>\$ 174,897.61</u>	<u>\$ 67,616.36</u>	<u>\$ 118,119.60</u>	<u>\$ 9,128.60</u>	<u>\$ 249,954.48</u>

Ref.

A

A

A

2021 Budget Appropriations

\$ 174,279.61

Local Match

618.00

\$ 174,897.61

TOWN OF HACKETTSTOWN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2020	Cash Receipts	Transfer to 2021 Budget Revenue	Balance Dec. 31, 2021
Clean Communities Grant	\$ 17,724.50	\$ 18,865.62	\$ 17,724.50	\$ 18,865.62
Recycling Tonnage Grant		11,272.47		11,272.47
Mayors Wellness Grant	100.00			100.00
American Rescue Plan Grant		489,639.50		489,639.50
FEMA - Fire Equipment Grant		3,188.50		3,188.50
Alcohol Education Rehabilitation	1,417.02		1,417.02	
Department of Justice Bulletproof Vest Grant	998.82		998.82	
	<u>\$ 20,240.34</u>	<u>\$ 522,966.09</u>	<u>\$ 20,140.34</u>	<u>\$ 523,066.09</u>
<u>Ref.</u>	A			A

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
TRUST FUNDS

TOWN OF HACKETTSTOWN  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Recreation Trust Fund</u>	<u>Other Trust Funds</u>
B	\$ 18,300.54	\$ 380,656.75	\$ 1,013,846.66
Balance December 31, 2020			
Increased by Receipts:			
Municipal Licensing Fees	\$ 3,604.20		
Due State Board of Health	865.80		
State Unemployment Insurance			
Due Current Fund:			\$ 16,437.46
Interest Earned	8.74		212.69
Prior Year Interfund Returned			207,800.84
Parking Offenses Adjudication Act Deposits			74.00
Council on Affordable Housing Trust			89,091.99
Escrow Deposits			459,675.88
Recycling Trust Fund			5,031.25
Business Improvement District Trust Fund			217,471.93
Police Outside Duty			187,835.55
Accrued Sick Leave			139,677.00
Recreation Trust Fund		\$ 286,783.56	
Tax Sale Premium			39,000.00
	<u>4,478.74</u>	<u>286,783.56</u>	<u>1,362,308.59</u>
	22,779.28	667,440.31	2,376,155.25
Decreased by Disbursements:			
Due to Current Fund:			
Prior Year Excess Reserve	9,314.74		212.69
Interest Earned	8.74		640.02
State Unemployment Insurance Expenditures			
Animal Control Expenditures	1,070.00		1,158.00
Parking Offenses Adjudication Act Expenditures			10,840.42
Council on Affordable Housing Expenditures			22,583.83
Snow Recovery			317,236.79
Escrow Deposit Expenditures			13,562.90
Recycling Trust Fund Expenditures			224,290.91
Business Improvement District Trust Fund Expenditures			181,039.30
Police Outside Duty		252,013.64	
Recreation Trust Fund Expenditures			45,800.00
Tax Sale Premium			
Due to State Board of Health	<u>865.80</u>		
	11,259.28	252,013.64	817,364.86
Balance December 31, 2021	<u>\$ 11,520.00</u>	<u>\$ 415,426.67</u>	<u>\$ 1,558,790.39</u>

TOWN OF HACKETTSTOWN  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2020	B	\$ 8,985.80
Increased by:		
2021 Dog License Fees Collected		<div style="display: flex; justify-content: space-between;"> <span>3,604.20</span> <span><u>12,590.00</u></span> </div>
Decreased by:		
Statutory Excess due to Current Fund		\$ 2,876.80
Expenditures under R.S.4:19-15.11:		<div style="display: flex; justify-content: space-between;"> <span><u>1,070.00</u></span> <span><u>3,946.80</u></span> </div>
Balance December 31, 2021	B	<div style="display: flex; justify-content: space-between;"> <span>\$ 8,643.20</span> <span><u><u>8,643.20</u></u></span> </div>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2020	\$ 4,047.60
2019	<div style="display: flex; justify-content: space-between;"> <span>4,595.60</span> <span><u>4,595.60</u></span> </div>
Maximum Allowable Reserve	<div style="display: flex; justify-content: space-between;"> <span>\$ 8,643.20</span> <span><u><u>8,643.20</u></u></span> </div>



TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
GENERAL CAPITAL FUND

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 2,599,086.91
Increased by Receipts:		
Budget Appropriation - Capital Improvement Fund	\$ 725,000.00	
Due Current Fund:		
Interest Earned	1,141.79	
Reserve for Purchase of Fire Truck	35,000.00	
HMUA Reserve for Road Projects	16,118.60	
NJ Department of Transportation Reimbursement	133,366.42	
		<u>910,626.81</u>
		3,509,713.72
Decreased by Disbursements:		
Improvement Authorization Expenditures	354,963.85	
Due Current Fund:		
Interest Earned	1,143.79	
		<u>356,107.64</u>
Balance December 31, 2021	C	<u>\$ 3,153,606.08</u>

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance / (Deficit) December 31, 2020	Receipts		Disbursements			Transfers		Balance December 31, 2021
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From		To	
Fund Balance	\$ 2,018.33								\$ 2,019.67
Capital Improvement Fund	2,167,683.51	\$ 725,000.00				\$ 450,553.00	\$ 1.74	124,626.29	\$ 2,566,756.80
Due Current Fund	2.00								
NJ Department of Transportation Grants Receivable	(42,445.00)		\$ 1,141.79						
Due From Men's Softball and League Donations	(1,000.00)		133,366.42		\$ 1,143.79	121,700.00		30,778.58	
Due From HMUA Reserve for Road Projects			16,118.60			16,119.00		1,000.00	
Reserve for:								0.40	
Encumbrances	69,340.47					69,340.47		146,783.34	146,783.34
Payment of Debt Service	1.74					1.74			
Purchase of Fire Truck	210,000.00	35,000.00							245,000.00
Ordinance									
Date									
17-10; 19-10									
18-05	2,864.65			\$ 6,500.00		2,864.65		6,500.00	
19-05;20-05	84,693.06					84,693.06			
21-02	105,928.15			61,721.46		91,836.16		62,840.47	15,211.00
21-08				286,742.39		68,845.34		533,372.00	177,784.27
						54,949.00		55,000.00	51.00
	\$ 2,599,086.91	\$ 760,000.00	\$ 150,626.81	\$ 354,963.85	\$ 1,143.79	\$ 960,902.82	\$ 960,902.82	\$ 960,902.82	\$ 3,153,606.08

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	2021 Authorizations									
	Number	Ordinance		Prior Year Encumbrances Returned	Other Financing Sources/ Donation	Capital Improvement Fund	Paid or Charged	Cancelled	Balance	
		Date	Amount						December 31, 2020 Funded	December 31, 2021 Funded
Installation of Lighting at Tannery Field	17-10, 19-10, 20-02	4/13/17, 09/16/19 01/23/20	\$ 460,000.00	\$ 2,864.65	\$ 6,500.00		\$ 6,500.00	\$ 2,864.65		
Various Capital Improvements	18-05	04/12/18	395,500.00	84,693.06				84,693.06		
Various Improvements	19-05; 20-05	3/28/19, 5/28/20	425,500.00	105,928.15	62,840.47					\$ 15,211.00
Various Capital Improvements	21-02	04/22/21	533,372.00			\$ 137,819.00	\$ 395,553.00	84,710.46	68,847.16	\$ 177,784.27
Purchase of Police Body Cameras	21-08	06/24/21	55,000.00				55,000.00	54,949.00		51.00
				\$ 193,485.86	\$ 69,340.47	\$ 137,819.00	\$ 450,553.00	\$ 501,747.19	\$ 156,404.87	\$ 193,046.27
										C
			Ref.							

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 2,167,683.51
Increased By:		
Budget Appropriation	\$ 725,000.00	
Improvement Authorizations Cancelled	<u>124,626.29</u>	
		<u>849,626.29</u>
Decreased By:		<u>3,017,309.80</u>
Appropriation to Finance		
Improvement Authorizations		<u>450,553.00</u>
Balance December 31, 2021	C	<u><u>\$ 2,566,756.80</u></u>

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE



TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOANS PAYABLE

	<u>Ref.</u>		
Balance December 31, 2020	C	\$	93,784.47
Decreased by:			
Loan Repayments			<u>33,424.11</u>
Balance December 31, 2021	C	<u>\$</u>	<u>60,360.36</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
OUTSTANDING DECEMBER 31, 2021

Green Acres Loan #1

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Interest Amount</u>	<u>Principal Amount</u>
35	05/16/22	2.00%	\$ 603.60	\$ 11,833.03
36	11/16/22	2.00%	485.27	11,951.36
37	05/16/23	2.00%	365.75	12,070.88
38	11/16/23	2.00%	245.05	12,191.59
39	05/16/24	2.00%	<u>123.14</u>	<u>12,313.50</u>
			<u>\$ 1,822.81</u>	<u>\$ 60,360.36</u>

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2021

NOT APPLICABLE

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2021  
WATER UTILITY FUND  
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN

COUNTY OF WARREN

2021

SEWER UTILITY FUND

(NOT APPLICABLE)

TOWN OF HACKETTSTOWN

COUNTY OF WARREN

2021

PUBLIC ASSISTANCE FUND

(NOT APPLICABLE)

TOWN OF HACKETTSTOWN

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2021

TOWN OF HACKETTSTOWN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2021

Name of State Agency or Department	Name of Program	Pass-Through Entity ID#	C.F.D.A. Number	Grant Period		Grant Award Amount	Amount Received	Program Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Homeland Security: (Pass Through New Jersey Department of Law and Public Safety)	COVID-19 - FEMA Assistance to Firefighters Grant Program	100-066-1200-C50-063710	97.136	5/30/2020	5/29/2021	\$ 9,565.50	\$ 3,188.50	\$ 9,565.50	\$ 9,565.50	
				5/30/2021	5/29/2022	3,188.50	3,188.50	9,565.50	9,565.50	
Total U.S. Department of Homeland Security	Severe Winter Storm and Snowstorm	100-066-1200-C80-066290	97.036	1/31/2021	2/2/2021	60,229.91	60,229.91	60,229.91 *	60,229.91	
							63,418.41	69,795.41	69,795.41	
U.S. Department of Treasury: (Pass Through New Jersey Department of Community Affairs)	COVID 19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	100-022-8030 -687-046010	21.027	3/3/2021	12/31/2024	489,639.50	489,639.50			
							489,639.50			
							\$ 553,057.91	\$ 69,795.41	\$ 69,795.41	\$ -0-
Total US Department of Treasury										
Total Federal Awards										

\* Funds expended in the prior year

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF HACKETTSTOWN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2021

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- 004-178910	\$ 18,582.80	1/1/2017	12/31/2022	\$ 18,865.62	\$ 7,719.28	12,513.89
			18,865.62	1/1/2021	12/31/2022	18,865.62	7,719.28	12,513.89
Total Department of Environmental Protection	Recycling Grant	100-042-4910-224-238490	11,272.47	1/1/2021	12/31/2022	11,272.47		
						11,272.47		
Department of Health and Senior Services	Alcohol Education Rehabilitation Enforcement Fund	760-098-9735-789-6010	1,417.02	1/1/2020	12/31/2022	30,138.09	7,719.28	12,513.89
							793.94	793.94
Total Department of Health and Senior Services							793.94	793.94
Department of Law and Public Safety: Division of Criminal Justice	Body Armor Replacement Grant	718-066-1020-001-090160	1,666.27	1/1/2021	12/31/2022	1,666.27		
						1,666.27		
Total Department of Law and Public Safety	Drunk Driving Enforcement Fund Grant	4250-760-0500000-63	19,926.96	1/1/2014	12/31/2022		358.00	14,482.86
							358.00	14,482.86
Department of the Treasury: (Passed through the County of Warren)	Municipal Alliance on Alcoholism and Drug Abuse	100-032-2020-044-995120	2,473.00	7/1/2020	6/30/2021	351.00	2,473.00	2,473.00
			2,473.00	7/1/2021	6/30/2022	351.00	903.75	903.75
Department of the Transportation: (Passed through the County of Warren)	Local Municipal Aid - East Prospect Street	480-078-6320-AN8-606280	100,000.00	1/1/2020	12/31/2020	11,666.42		100,000.00
			121,700.00	1/1/2021	12/31/2021	121,700.00	121,700.00	121,700.00
	Local Municipal Aid - East Baldwin Street	480-078-6320-AOP-606281				133,366.42	121,700.00	221,700.00
						\$ 165,521.78	\$ 133,947.97	\$ 252,867.44

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS



TOWN OF HACKETTSTOWN  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2021

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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 Town of Hackettstown under programs of the federal and state governments for the year ended December 31, 2021. The information in these schedules is presented in accordance with the requirements of the 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 Town, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Town.

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 Town has elected not 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: GREEN ACRES LOANS PAYABLE

At December 31, 2021, the Town has two Green Acres Loans Payable totaling \$60,360.36 which are recorded in the General Capital Fund.

Currently the Town is in the process of repaying the loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.

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 Town Council  
Town of Hackettstown  
Hackettstown, 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 Town of Hackettstown, in the County of Warren (the "Town") as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated May 13, 2022. 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 Town's internal control over financial reporting (internal control) as a basis for designing 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 Town Council  
Town of Hackettstown  
Page 2

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
May 13, 2022

*Nisivoccia LLP*  
NISIVOCCIA LLP

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

TOWN OF HACKETTSTOWN  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Town 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 District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Town 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, 2021 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in Uniform Guidance and NJOMB 15-08.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

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.

TOWN OF HACKETTSTOWN  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021

Status of Prior Year Findings:

There were no findings in the prior year audit report.

TOWN OF HACKETTSTOWN

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

TOWN OF HACKETTSTOWN  
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 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. 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, 2015 through June 30, 2020, 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 \$40,000 for a contracting unit with a qualified purchasing agent. 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 Town of Hackettstown 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 Town Attorney's opinion should be sought before a commitment is made.

TOWN OF HACKETTSTOWN  
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 and advertised authorizing the awarding of contracts or agreements for "Professional Services," and "Extraordinary Unspecifiable Services" per N.J.S.A. 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

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent. On January 1, 2021, 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 18% per annum for delinquent taxes 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 payments in accordance with the above resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 18, 2021, 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>
2021	0
2020	1
2019	0

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and 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>
Payments of 2021 Taxes	20
Payments of 2020 Taxes	20
Delinquent Taxes	15
Tax Title Liens	0



TOWN OF HACKETTSTOWN  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

Verification notices were mailed to confirm balances as of December 31, 2021. The items that were returned were checked and in agreement with the Town's records. For receivable items not returned, alternative procedures were performed.

Accounting Requirements Under New Jersey Administrative Code

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

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

The Town maintains encumbrance, fixed assets and general ledger accounting systems.

Municipal Court

The Report of the Municipal Court has been forwarded to the Division of Local Government Services and the Town's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2021:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Agency</u>	<u>Balance Dec. 31, 2020</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance Dec. 31, 2021</u>
Municipal Treasurer:				
Fines and Costs	\$ 1,981.92	\$ 31,291.01	\$ 29,312.79	\$ 3,960.14
POAA		92.00	80.00	12.00
Restitution		160.00	160.00	
Conditional Dismissal		75.00	75.00	
Public Defender		200.00	200.00	
County Treasurer:				
Fines and Costs	976.00	13,408.50	12,288.50	2,096.00
Weights and Measures		550.00	250.00	300.00
State Treasurer:				
Motor Vehicle Fines/Violations	1,744.54	22,123.92	21,022.49	2,845.97
Fish and Game		75.00	75.00	
Park and Forest		250.00	250.00	
Bail	1,500.00	3,138.00	4,563.00	75.00
	<u>\$ 6,202.46</u>	<u>\$ 71,363.43</u>	<u>\$ 68,276.78</u>	<u>\$ 9,289.11</u>

TOWN OF HACKETTSTOWN  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the year ended December 31, 2022. Previously leases were either categorized as capital leases or operating leases. This statement will likely affect most leases formerly classified as operating leases. There will be required disclosures for leases for which the Town is either a lessee or a lessor although there will be no impact on the actual financial statements. It is likely that a lease software or similar spreadsheets will need to be utilized to perform the various calculations necessary to implement this standard.

COVID-19 Federal Funding

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

Grant Funds

It is suggested that grant funds be reviewed and be evaluated for completion, and that all grants deemed to be complete have their respective balances cancelled or expended.

Status of Prior Year Recommendations:

There were no recommendations in the prior year.

TOWN OF HACKETTSTOWN  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

None

\* \* \* \* \*