

TOWNSHIP OF INDEPENDENCE

COUNTY OF WARREN

REPORT OF AUDIT

2023

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF INDEPENDENCE

COUNTY OF WARREN

REPORT OF AUDIT

2023

TOWNSHIP OF INDEPENDENCE
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TOWNSHIP OF INDEPENDENCE

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Township as of December 31, 2023 and 2022 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds 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 of the Township as of December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

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.

The Honorable Mayor and Members
of the Township Committee
Township of Independence
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We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The financial statements – *regulatory basis* – of the Township do not include the general fixed assets account group, which should be included to conform with the accounting practices prescribed or permitted by the Division. As described in Note 1, the amount that should be recorded in the general fixed assets account group cannot be determined.

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

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

The 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.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township’s financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and 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 financial statements or to the various fund and 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 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 17, 2024 on our consideration of the Township’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 17, 2024

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Certified Public Accountant
Registered Municipal Accountant No. 562

TOWNSHIP OF INDEPENDENCE
COUNTY OF WARREN
2023
CURRENT FUND

TOWNSHIP OF INDEPENDENCE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2023</u>	<u>2022</u>
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,714,617.60	\$ 3,726,488.06
Change Fund		100.00	100.00
		<u>3,714,717.60</u>	<u>3,726,588.06</u>
Due From State of New Jersey:			
Senior Citizen and Veterans Deductions			365.52
			<u>365.52</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	215,471.66	182,170.78
Tax Title Liens Receivable	A-8	824,535.08	777,022.98
Tax Penalty Receivable			732.91
Property Acquired for Taxes at Assessed Valuation		253,040.00	253,040.00
Revenue Accounts Receivable	A-9	1,871.72	2,846.76
Total Receivables and Other Assets With Full Reserves		<u>1,294,918.46</u>	<u>1,215,813.43</u>
Total Regular Fund		<u>5,009,636.06</u>	<u>4,942,767.01</u>
Federal and State Grant Fund:			
Grants Receivable	A-10	250,345.70	266,175.00
Due from Current Fund	A	368,188.70	572,795.88
Total Federal and State Grant Fund		<u>618,534.40</u>	<u>838,970.88</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,628,170.46</u>	<u>\$ 5,781,737.89</u>

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

	Ref.	December 31,	
		2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 39,063.63	\$ 64,750.46
Unencumbered	A-3;A-11	386,121.51	383,952.54
		<u>425,185.14</u>	<u>448,703.00</u>
Accounts Payable - Vendors			10,192.65
Prepaid Taxes		98,561.25	103,826.99
Tax Overpayments		19,024.68	14,541.96
Due Federal and State Grant Funds	A	368,188.70	572,795.88
County Taxes Payable		13,721.69	4,644.19
Regional School Taxes Payable		895,141.54	775,876.54
Due to State of New Jersey:			
Senior Citizen and Veterans Deductions		384.48	
Marriage License Fees		450.00	200.00
DCA Training Fees		1,224.00	2,329.00
Reserve for:			
Reassessment		16,720.00	16,720.00
Municipal Recovery Fund		31,030.42	15,518.28
Payroll Expenses		21,153.32	23,632.99
Pending Settlement		171.53	47,606.34
		<u>1,890,956.75</u>	<u>2,036,587.82</u>
Reserve for Receivables and Other Assets	A	1,294,918.46	1,215,813.43
Fund Balance	A-1	<u>1,823,760.85</u>	<u>1,690,365.76</u>
Total Regular Fund		<u>5,009,636.06</u>	<u>4,942,767.01</u>
Federal and State Grant Fund:			
Encumbrances Payable	A-15	136,276.89	20,589.77
Appropriated Grant Reserves	A-15	481,053.64	533,688.33
Unappropriated Grant Reserves	A-16	1,203.87	284,692.78
Total Federal and State Grant Fund		<u>618,534.40</u>	<u>838,970.88</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,628,170.46</u>	<u>\$ 5,781,737.89</u>

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

TOWNSHIP OF INDEPENDENCE
CURRENT FUND

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

	Ref.	Year Ended December 31,	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 961,608.00	\$ 927,157.00
Miscellaneous Revenue Anticipated		1,137,592.66	1,154,353.72
Receipts from:			
Delinquent Taxes		181,974.24	179,419.60
Current Taxes		17,942,884.14	17,480,443.39
Nonbudget Revenue		277,803.24	129,142.39
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		163,773.45	176,306.76
Appropriated Grant Reserves Cancelled			14,258.35
Unappropriated Grant Reserves Cancelled		124.83	
Total Income		<u>20,665,760.56</u>	<u>20,061,081.21</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		4,447,605.91	4,268,575.81
County Taxes		4,410,348.81	4,238,670.19
Regional High School Taxes		10,698,858.00	10,460,328.00
Refund of Prior Year Revenue		13,944.75	
Overpayment Reinstated			14.01
Grant Receivables Cancelled			13,940.24
Cancellation of Change Funds			300.00
Total Expenditures		<u>19,570,757.47</u>	<u>18,981,828.25</u>
Statutory Excess to Fund Balance		1,095,003.09	1,079,252.96
<u>Fund Balance</u>			
Balance January 1	A	<u>1,690,365.76</u>	<u>1,538,269.80</u>
		2,785,368.85	2,617,522.76
Decreased by:			
Utilized as Anticipated Revenue		<u>961,608.00</u>	<u>927,157.00</u>
Balance December 31	A	<u>\$ 1,823,760.85</u>	<u>\$ 1,690,365.76</u>

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

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

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 961,608.00		\$ 961,608.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	6,000.00		6,075.00	\$ 75.00
Municipal Court - Fines and Costs	29,000.00		27,038.63	1,961.37 *
Interest and Costs on Taxes	39,000.00		46,011.92	7,011.92
In Lieu of Taxes - Liberty House	50,000.00		64,256.71	14,256.71
Municipal Building Rent	50,000.00		53,000.04	3,000.04
Vacant and Abandoned Property	7,000.00		16,500.00	9,500.00
Cell Tower Receipts	25,000.00		28,904.99	3,904.99
Energy Receipts Tax	299,547.00		299,547.36	0.36
Garden State Preservation Trust Fund	3,625.00		4,464.00	839.00
Reserve for Municipal Recovery Fund	15,518.28		15,518.28	
Uniform Construction Code Fees	52,000.00		64,093.00	12,093.00
Recycling Tonnage Grant	2,344.73		2,344.73	
Municipal Alliance on Alcoholism and Drug Abuse	2,650.00		2,650.00	
Safe and Secure Communities Program - P.L. 1994, Chapter 220	16,200.00		16,200.00	
Reserve for Police Donations	350.00		350.00	
New Jersey DOT Trust Fund Authority Act	128,500.00		128,500.00	
Body Armor Grant	1,037.17		1,037.17	
American Rescue Plan Act	283,180.78		283,180.78	
American Rescue Plan Act - Firefighter Grant	29,000.00		29,000.00	
Clean Communities Grant		\$ 18,124.35	18,124.35	
Stormwater Assistance Grant		25,000.00	25,000.00	
Lead Grant Assistance Program		1,100.00	1,100.00	
Drunk Driving Enforcement Fund		4,695.70	4,695.70	
	<u>1,039,952.96</u>	<u>48,920.05</u>	<u>1,137,592.66</u>	<u>48,719.65</u>
Receipts from Delinquent Taxes	177,000.00		181,974.24	4,974.24
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>3,060,147.00</u>		<u>3,673,679.11</u>	<u>613,532.11</u>
Budget Totals	5,238,707.96	\$ 48,920.05	5,954,854.01	<u>\$ 667,226.00</u>
Nonbudget Revenue			<u>277,803.24</u>	
	<u>\$ 5,238,707.96</u>	<u>\$ 48,920.05</u>	<u>\$ 6,232,657.25</u>	

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

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes	\$	17,942,884.14
Allocated to Regional School and County Taxes		15,109,206.81
Balance for Support of Municipal Budget		2,833,677.33
Add: Appropriation "Reserve for Uncollected Taxes"		840,001.78
Realized for Support of Municipal Budget	\$	3,673,679.11
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	\$	181,908.30
Overpayments Applied		65.94
		\$ 181,974.24
Analysis of Interest and Costs on Taxes:		
Interest Collected/Received by Treasurer	\$	45,279.01
Prior Year Tax Penalties Received by Treasurer		732.91
		\$ 46,011.92
Analysis of Nonbudget Revenue:		
Treasurer:		
Interest on Investments	\$	217,062.29
Cable Television Franchise Fee		21,288.28
Vital Statistics Fees		503.00
Driveway Permits		100.00
Police Services		7,391.00
Veterans and Senior Citizens Administrative Fee		695.00
Zoning Permits		4,165.00
Street Opening Permits		300.00
Certified Lists		30.00
Police Administrative Fee - Outside Contract		14,532.68
Cancel Stale Dated Checks		295.00
Reserve for Payroll Expenses Wage Garnishment Cancelled		1,300.00
P.I.L.O.T. - Woodmont		8,127.00
Miscellaneous Fees		2,003.99
		\$ 277,793.24
Tax Collector Miscellaneous		10.00
	\$	277,803.24

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

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
Mayor & Council:					
Salaries & Wages	\$ 22,600.00	\$ 22,600.00	\$ 22,568.00	\$ 32.00	
Other Expenses	1,800.00	1,800.00	1,217.04	582.96	
Municipal Clerk:					
Salaries & Wages	147,200.00	147,200.00	142,950.90	4,249.10	
Other Expenses	37,100.00	37,100.00	22,747.56	14,352.44	
Financial Administration:					
Salaries & Wages	44,000.00	44,000.00	43,944.00	56.00	
Other Expenses	13,000.00	13,000.00	9,781.38	3,218.62	
Annual Audit	29,000.00	29,000.00	28,045.00	955.00	
Revenue Administration (Tax Collection):					
Salaries & Wages	27,800.00	27,800.00	27,795.00	5.00	
Other Expenses	8,600.00	8,600.00	7,255.74	1,344.26	
Tax Assessment Administration:					
Salaries & Wages	29,000.00	29,000.00	28,922.00	78.00	
Other Expenses	10,000.00	10,000.00	7,283.15	2,716.85	
Legal Services and Costs:					
Other Expenses	48,700.00	48,700.00	24,972.33	23,727.67	
Engineering Services and Costs:					
Other Expenses	12,000.00	15,000.00	11,266.25	3,733.75	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	9,600.00	9,600.00	9,539.92	60.08	
Other Expenses	9,100.00	9,100.00	2,524.80	6,575.20	
Other Expenses - Master Plan	10,000.00	10,000.00		10,000.00	

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

LAND USE ADMINISTRATION (continued):
Municipal Land Use Law (N.J.S.A. 40:55D-1):

Zoning Officer:
Salaries & Wages
Other Expenses

INSURANCE:

Liability Insurance
Worker's Compensation Insurance
Group Insurance Plan for Employees
Unemployment Insurance

PUBLIC SAFETY:

Police:

Salaries & Wages
Other Expense

911 Coordinator:

Salaries & Wages

Office of Emergency Management:

Salaries & Wages
Other Expense

Aid to Volunteer Fire Department:

Other Expense

Aid to Volunteer Ambulance Company:

Other Expense

Uniform Fire Safety Act:

Other Expense

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
	\$ 16,298.00	\$ 16,298.00	\$ 16,298.00		
	400.00	400.00	\$ 400.00		
	69,920.00	69,920.00	69,919.68	0.32	
	107,155.00	107,155.00	106,554.68	600.32	
	296,920.00	296,920.00	284,139.40	12,780.60	
	2,500.00	2,500.00		2,500.00	
	1,137,000.00	1,137,000.00	1,101,555.95	35,444.05	
	62,500.00	62,500.00	41,554.32	20,945.68	
	1,673.00	1,673.00	1,673.00		
	2,977.00	2,977.00	1,832.00	1,145.00	
	1,000.00	1,000.00		1,000.00	
	32,000.00	32,000.00	32,000.00		
	22,000.00	22,000.00	22,000.00		
	100.00	100.00		100.00	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC SAFETY:					
Municipal Prosecutor:					
Other Expense	\$ 9,365.00	\$ 9,365.00	\$ 9,156.00	\$ 209.00	
PUBLIC WORKS:					
Road Repairs and Maintenance:					
Salaries & Wages	300,000.00	300,000.00	271,256.55	28,743.45	
Other Expenses	160,300.00	160,300.00	90,176.49	70,123.51	
Garbage and Trash Removal:					
Other Expenses	4,000.00	4,000.00	2,782.78	1,217.22	
Public Buildings and Grounds:					
Other Expenses	31,000.00	31,000.00	26,542.78	4,457.22	
Vehicle Maintenance:					
Other Expenses	55,000.00	55,000.00	14,451.26	40,548.74	
Community Services Act:					
Other Expenses	17,500.00	14,500.00	13,586.50	913.50	
HEALTH AND HUMAN SERVICES:					
Environmental Commission (R.S. 40:56A-1):					
Other Expenses	580.00	580.00	425.00	155.00	
Dog Regulations:					
Other Expenses	4,500.00	4,500.00	3,262.25	1,237.75	
Senior Citizens Center:					
Other Expenses	4,000.00	4,000.00	4,000.00		
RECREATION:					
Recreation Service and Programs:					
Salaries & Wages	21,500.00	21,500.00	21,381.00	119.00	
Other Expenses	11,000.00	11,000.00	6,860.29	4,139.71	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
COURT AND PUBLIC DEFENDER:					
Municipal Court:					
Salaries & Wages	\$ 43,300.00	\$ 46,300.00	\$ 45,609.63	\$ 690.37	
Other Expenses	3,100.00	3,100.00	339.36	2,760.64	
Public Defender:					
Other Expenses	2,000.00	2,000.00	600.00	1,400.00	
STATE UNIFORM CONSTRUCTION CODE:					
Construction Code Officials:					
Salaries & Wages	56,600.00	62,600.00	61,426.41	1,173.59	
Other Expenses	2,500.00	2,500.00	2,079.88	420.12	
Other Code Enforcement:					
Vacant and Abandoned Properties:					
Salaries & Wages	8,000.00	8,000.00	7,231.00	769.00	
UNCLASSIFIED:					
Landfill Closure:					
Other Expenses	2,700.00	2,700.00	1,525.00	1,175.00	
Utilities:					
Other Expenses	128,000.00	119,000.00	99,435.05	19,564.95	
Total Operations Within "CAPS"	3,076,888.00	3,076,888.00	2,750,467.33	326,420.67	
Detail:					
Salaries & Wages	1,867,548.00	1,876,548.00	1,803,983.36	72,564.64	
Other Expenses	1,209,340.00	1,200,340.00	946,483.97	253,856.03	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures Municipal Within "CAPS":					
Statutory Expenditures:					
Public Employees Retirement System	\$ 78,700.00	\$ 78,700.00	\$ 78,700.00		
Social Security System (O.A.S.I.)	139,000.00	139,000.00	135,304.40	\$ 3,695.60	
Police and Firemen's Retirement System of New Jersey	301,298.00	301,298.00	301,298.00		
Disability Insurance	1,500.00	1,500.00	1,223.99	276.01	
Defined Contribution Retirement Plan	3,000.00	3,000.00	2,270.77	729.23	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	523,498.00	523,498.00	518,797.16	4,700.84	
Total General Appropriations for Municipal Purposes Within "CAPS"	3,600,386.00	3,600,386.00	3,269,264.49	331,121.51	
Total Operations Excluded "CAPS":					
INSURANCE:					
Group Insurance Plan for Employees	18,080.00	18,080.00	18,080.00		
Public and Private Programs Offset by Revenues:					
Municipal Alliance on Alcoholism and Drug Abuse:					
State Grant	2,650.00	2,650.00	2,650.00		
Local Match	662.50	662.50	662.50		
Safe and Secure Communities Program:					
Salaries & Wages	16,200.00	16,200.00	16,200.00		
Reserve for Body Armor Grant:					
Other Expenses	1,037.17	1,037.17	1,037.17		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total Operations Excluded "CAPS":					
Public and Private Programs Offset by Revenues:					
Reserve for Recycling Tonnage Grant:					
Other Expenses	\$ 2,344.73	\$ 2,344.73	\$ 2,344.73		
Reserve for Police Donations:					
Other Expenses	350.00	350.00	350.00		
American Rescue Plan:					
Coronavirus State & Local Gov't Fiscal Recovery Funds:					
Other Expenses	283,180.78	283,180.78	283,180.78		
American Rescue Plan - Firefighters Grant (ARP - FFG)					
Other Expenses	29,000.00	29,000.00	29,000.00		
New Jersey DOT Trust Fund Authority Act:					
Other Expenses	128,500.00	128,500.00	128,500.00		
Clean Communities Grant:					
Other Expenses (N.J.S.A. 40A:4-87 + \$18,124.35)		18,124.35	18,124.35		
Stormwater Assistance Grant:					
Other Expenses (N.J.S.A. 40A:4-87 + \$25,000.00)		25,000.00	25,000.00		
Lead Grant Assistance Program:					
Other Expenses (N.J.S.A. 40A:4-87 + \$1,100.00)		1,100.00	1,100.00		
Drunk Driving Enforcement Fund:					
Other Expenses (N.J.S.A. 40A:4-87 + \$4,695.70)		4,695.70	4,695.70		
Total Operations Excluded from "CAPS"	482,005.18	530,925.23	530,925.23		
Detail:					
Salaries & Wages	16,200.00	16,200.00	16,200.00		
Other Expenses	465,805.18	514,725.23	514,725.23		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00		
Capital Outlay:					
Fire Truck	55,000.00	55,000.00	\$ 55,000.00		
Total Capital Improvements - Excluded from "CAPS"	100,000.00	100,000.00	45,000.00	55,000.00	
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes	209,000.00	209,000.00	209,000.00		
Interest on Notes	7,315.00	7,315.00	7,294.68		\$ 20.32
Total Municipal Debt Service - Excluded from "CAPS"	216,315.00	216,315.00	216,294.68		20.32
Total General Appropriations - Excluded from "CAPS"	798,320.18	847,240.23	792,219.91	55,000.00	20.32
Subtotal General Appropriations	4,398,706.18	4,447,626.23	4,061,484.40	386,121.51	20.32
Reserve for Uncollected Taxes	840,001.78	840,001.78	840,001.78		
Total General Appropriations	\$ 5,238,707.96	\$ 5,287,628.01	\$ 4,901,486.18	\$ 386,121.51	\$ 20.32

Ref.

A

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

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 5,238,707.96	
Added by N.J.S.A. 40A:4-87		48,920.05	
Budget After Modification		<u>\$ 5,287,628.01</u>	
Reserve for Uncollected Taxes			\$ 840,001.78
Reserve for Encumbrances	A		39,063.63
Transfer to Appropriated Grant Reserves			512,845.23
Cash Disbursed			<u>3,607,066.52</u>
			4,998,977.16
Less: Appropriation Refunds			<u>97,490.98</u>
			<u>\$ 4,901,486.18</u>

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

TOWNSHIP OF INDEPENDENCE
COUNTY OF WARREN
2023
TRUST FUNDS

TOWNSHIP OF INDEPENDENCE
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31	
		2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents			
Treasurer	B-1	\$ 401.34	\$ 1.40
Change Fund		25.00	25.00
		<u>426.34</u>	<u>26.40</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	542,640.08	523,287.45
		<u>542,640.08</u>	<u>523,287.45</u>
<u>TOTAL ASSETS</u>		<u>\$ 543,066.42</u>	<u>\$ 523,313.85</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-2	\$ 426.34	\$ 26.40
		<u>426.34</u>	<u>26.40</u>
Other Trust Funds:			
Reserve for:			
Uniform Construction Code (U.C.C.)		4,864.68	
Recreation		47,647.09	40,042.82
Developer's Escrow		110,704.37	143,596.82
Emergency / Storm Recovery		100,000.00	76,390.34
Unemployment Compensation Insurance		12,072.15	11,429.44
Tax Sale Premiums		178,800.00	172,900.00
Parking Offense Adjudication Act (P.O.A.A.)		316.00	316.00
Recycling Trust		1,926.42	1,926.42
Accumulated Absences		45,000.00	46,733.45
Council on Affordable Housing Trust (C.O.A.H.)		41,309.37	29,952.16
		<u>542,640.08</u>	<u>523,287.45</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 543,066.42</u>	<u>\$ 523,313.85</u>

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

TOWNSHIP OF INDEPENDENCE
COUNTY OF WARREN
2023
GENERAL CAPITAL FUND

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 593,719.23	\$ 471,733.34
Deferred Charges to Future Taxation:			
Unfunded	C-4		209,000.00
<u>TOTAL ASSETS</u>		<u>\$ 593,719.23</u>	<u>\$ 680,733.34</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7		\$ 209,000.00
Improvement Authorizations:			
Funded	C-5	\$ 41,196.82	44,047.00
Unfunded	C-5		6,965.97
Capital Improvement Fund	C-6	197,343.05	152,343.05
Reserve for Road Improvements		187,608.23	187,608.23
Reserve for Improvements to Municipal Facilities		761.76	761.76
Reserve for Purchase of Fire Truck		135,000.00	80,000.00
Reserve for Purchase of Fire Equipment		16,133.54	
Reserve for Purchase of Police Equipment		10,000.00	
Reserve for Purchase of Police Vehicles		5,668.50	
Fund Balance	C-1	7.33	7.33
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 593,719.23</u>	<u>\$ 680,733.34</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2021	C	<u>\$ 7.33</u>
Balance December 31, 2022	C	<u><u>\$ 7.33</u></u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Independence 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. Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Independence 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.

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

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.

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

(Continued)

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

C. Basis of Accounting (Cont'd)

The more significant accounting policies in New Jersey follow:

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

Expenditures are charged to operations generally 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 31st 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 cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

The cash basis of accounting is followed in the Trust and Capital Funds, except for grant revenue (as described above).

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor, and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

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

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

C. Basis of Accounting (Cont'd)

Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

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

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

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

General Fixed Assets - The Township has not implemented a fixed assets accounting and reporting system in accordance with New Jersey Administrative Code accounting requirements. Property and equipment purchased by the Current and General Capital funds are recorded as expenditures at the time of purchase and are not capitalized.

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

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

(Continued)

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

- 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 the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by issuing loans or by financed purchase agreements.

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2023	2022	2021
Issued:			
General Bonds and Notes		\$ 209,000.00	\$ 419,000.00
Net Debt Issued	\$ -0-	\$ 209,000.00	\$ 419,000.00

Summary of Municipal Debt Issued and Outstanding – Current and Prior Years

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
	Bond Anticipation Notes:			
General Capital Fund	\$ 209,000.00		\$ 209,000.00	
Total	\$ 209,000.00	\$ -0-	\$ 209,000.00	\$ -0-
	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
	Bond Anticipation Notes:			
General Capital Fund	\$ 419,000.00	\$ 209,000.00	\$ 419,000.00	\$ 209,000.00
Total	\$ 419,000.00	\$ 209,000.00	\$ 419,000.00	\$ 209,000.00

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

(Continued)

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

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 0.00%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	\$ 692,356.57	\$ 692,356.57	
	\$ 692,356.57	\$ 692,356.57	\$ -0-

Net Debt \$-0- divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$685,720,823.33= 0.00%.

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 24,000,229.13
Remaining Borrowing Power	\$ 24,000,229.13

Summary of Municipal Debt Issued and Outstanding

At December 31, 2023, the Township had no debt issued and outstanding.

Note 3: Fund Balances Appropriated

Fund balance at December 31, 2023 which was included as anticipated revenue in the Current Fund budget for the year ending December 31, 2024 is \$1,075,049.

Note 4: Regional 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.

Regional School District Taxes have been raised and the liability deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Regional School District Tax		
	Balance Dec. 31, 2023	Balance Dec. 31, 2022	
Balance of Tax	\$ 5,349,429.00	\$ 5,230,164.00	\$ 119,265.00
Amount Deferred	4,454,287.46	4,454,287.46	
Regional School District Tax Payable	\$ 895,141.54	\$ 775,876.54	\$ 119,265.00

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

(Continued)

Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' 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.

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

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. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions (Cont'd)

Funding for noncontributory group insurance benefits is based on actual claims paid. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 beginning with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$78,700 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$1,982 to the PERS for normal pension benefits on behalf of the Township.

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability was \$941,829 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was 0.00624%, which was an increase of 0.00076% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments.

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

(Continued)

Note 5. Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

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

For the year ended December 31, 2023, the Township recognized actual pension expense in the amount of \$78,700.

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

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

(Continued)

Note 5. Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the table on the following page:

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

Discount Rate

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

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

(Continued)

Note 5. Pension Plans (Cont'd)

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

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

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

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 1,209,974	\$ 941,829	\$ 713,626

Pension Plan Fiduciary Net Position

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

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

Plan Description

The State of New Jersey 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 annual financial statements which can be found at 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, death and disability benefits. All benefits vest after ten years of service, except for 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

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

(Continued)

Note 5. Pension Plans (Cont'd)

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

Benefits Provided

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

Contributions

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

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

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

(Continued)

Note 5. Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Township contributions to PFRS amounted to \$301,298 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$58,754 to the PFRS for normal pension benefits on behalf of the Township, which is more than the contractually required contribution of \$54,449.

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

Pension Liabilities and Pension Expense

At June 30, 2022, the Township’s liability for its proportionate share of the net pension liability was \$2,651,767. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was 0.0232%, which was an increase of 0.0027% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen’s Retirement System (PFRS)’ valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2022 pension information in the Notes to the Financial Statements as the June 30, 2023 pension information has not been released as of the date of this audit.

Additionally, the State’s proportionate share of the net pension liability attributable to the Township is \$471,937 as of June 30, 2022. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the State's proportion was 0.0232%, which was an increase of 0.0027% from its proportion measured as of June 30, 2021 which is the same proportion as the Township’s.

Township's Proportionate Share of the Net Pension Liability	\$ 2,651,767
State's Proportionate Share of the Net Pension Liability Associated with the Township	471,937
Total Net Pension Liability	\$ 3,123,704

For the year ended December 31, 2023, the Township recognized total pension expense of \$301,298.

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

(Continued)

Note 5. Pension Plans (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2022 are summarized in the following table:

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

(Continued)

Note 5. Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – PFRS

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

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

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

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

Note 5. Pension Plans (Cont'd)

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

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 4,286,059	\$ 3,123,704	\$ 2,156,038

Pension Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the Township recognized pension expense of \$2,271 for the year ended December 31, 2023. Employee contributions to DCRP amounted to \$3,165 for the year ended December 31, 2023.

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

(Continued)

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$153,856.46 at December 31, 2023. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. This amount has been partially reserve in the Reserve for Accumulated Absences of \$45,000.00 on the Trust Fund balance sheet as of December 31, 2023.

Note 7: Selected Tax Information

	2023	2022	2021
<u>Tax Rate</u>	\$ 3.593	\$ 3.505	\$ 3.466
<u>Apportionment of Tax Rate</u>			
Municipal	0.605	0.594	0.584
County	0.871	0.840	0.821
Regional School	2.117	2.071	2.061
<u>Assessed Valuations</u>			
2023	\$ 505,386,300.00		
2022		\$ 504,923,900.00	
2021			\$ 503,370,300.00

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 there is an 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 prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 18,215,315.17	\$ 17,942,884.14	98.50%
2022	17,717,174.24	17,480,443.39	98.66%
2021	17,458,497.69	17,227,303.90	98.68%

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

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently (Cont'd)

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

Note 8: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

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

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or 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 Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section of this note on investments.

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

Deposits

New Jersey statutes 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; and

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value 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.

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

(Continued)

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

Investments

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

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

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

(Continued)

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

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

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ ARM Accounts</u>	<u>Total</u>
Current	\$ 100.00	\$ 351,329.08	\$ 3,363,288.52	\$ 3,714,717.60
Animal Control	25.00	401.34		426.34
Other Trust		77,150.92	465,489.16	542,640.08
General Capital		521.03	593,198.20	593,719.23
	<u>\$ 125.00</u>	<u>\$ 429,402.37</u>	<u>\$ 4,421,975.88</u>	<u>\$ 4,851,503.25</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2023, was \$4,851,503.23 and the bank balance was \$4,856,347.63. The \$4,421,975.88 in the NJ ARM accounts is uninsured and unregistered. During the year ended December 31, 2023, the Township did not hold any investments.

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township obtains their health benefit coverage through the State of New Jersey Health Benefits Program.

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

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

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

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

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

(Continued)

Note 9: Risk Management (Cont'd)

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

Total Assets	\$ 47,188,767
Net Position	\$ 12,401,193
Total Revenue	\$ 30,020,936
Total Expenses	\$ 32,801,506
Change in Net Position	\$ (2,780,570)
Members Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Township’s expendable trust fund for the current and previous two years.

Year	Township Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2023	\$ -0-	\$ 3,247.32	\$ -0-	\$ 2,604.61	\$ 12,072.15
2022	-0-	2,947.75	-0-	133.03	11,429.44
2021	-0-	2,640.92	-0-	1,386.51	8,614.72

Note 10: Interfund Receivables and Payables

Fund	Interfund Receivable	Interfund Payable
Current Federal and State Grant	\$ 368,188.70	\$ 368,188.70
	\$ 368,188.70	\$ 368,188.70

The interfund between the Current Fund and the Federal and State Grant Fund represents the net amount received in and disbursed from the Current Fund on behalf of the Federal and State Grant Fund.

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

Note 11: Contingent Liabilities

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

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

Note 12: Economic Dependency

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

Note 13: Tax Abatements

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

As of December 31, 2023, the Township provides a tax abatement to a nonprofit housing corporation for its low income housing development in the Township pursuant to the authority contained in Section 18 of the Limited Dividend Law (N.J.S.A. 55:16-18), Section 30 of the HFA Law (N.J.S.A. 55:14J-30) and a resolution of the Mayor and Township Committee and with the approval of the New Jersey Housing Finance Agency (NJHFA) as provided under Section 30(b) of the NJHFA law. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Township an annual service charge for municipal services in an amount not exceeding the tax on the property on which the abatement is received. The annual service charge made by the nonprofit housing corporation will be in an amount not exceeding 15% of the annual gross revenues of the housing development as detailed in the tax abatement agreement. In the event that a breach of the agreement by either the Borough or the nonprofit housing corporation or dispute arises between the two parties either party may apply to the Superior Court, Chancery Division to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the Limited-Dividend Laws and the HFA Law. The Township recognized revenue in the amount of \$64,256.71 from this annual service charge or payment in lieu of taxes which is recorded as an anticipated miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2023 without the abatement would have been \$93,421.59 of which \$15,730.61 would have been for the local municipal tax.

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

Note 14: Postemployment Benefits Other Than Pensions

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) and 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 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.

Upon retirement, employees with 25 years in the Pension system are eligible for post-employment health benefits. The retiree is responsible for 20% of the premium and the Township pays 80% of the premium. Benefits are not available to dependents and cease once the retiree enrolls in Medicare.

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

(Continued)

Note 14: Postemployment Benefits Other Than Pensions (Cont'd)

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

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.

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

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

(Continued)

Note 14: Postemployment Benefits Other Than Pensions (Cont'd)

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

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021 and July 1, 2018 – June 30, 2021, 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 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the trend rate is 8.00% for fiscal year 2023 and decreases to a 4.50% trend rate in 2030 and later.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Discount Rate

The following presents the net OPEB Liability of the Township as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability Attributable to the Township	\$ 3,347,624	\$ 2,887,871	\$ 2,517,957

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Township as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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

Note 14: Postemployment Benefits Other Than Pensions (Cont'd)

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

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Township	\$ 2,449,868	\$ 2,887,871	\$ 3,448,830

Note 15: Leases

The Township entered into a lease agreement on September 1, 1999 for the lease of a Township building, to the United States Postal Service for a term of ten years. The lessee had the right to renew the lease for an additional five-year term. The lessee can extend the lease for a total of four renewal terms of five years each. The initial annual lease payment was \$36,500 and the annual lease payment for the remaining years in the initial lease term will be increased by 10% after the first five years of the ten-year term. The annual lease payment will be increased by 10% for each additional renewal term. The lease agreement was last renewed on May 1, 2020 at an annual lease payment of \$53,000.

The Township entered into a lease agreement on October 10, 2017 for the lease of space on the Township's property on which there is an existing cell tower for the development of the premises as a wireless communications facility including the structure, equipment and related facilities. The initial term of the lease shall be 5 years commencing on October 10, 2017. The lease shall be automatically extended for four additional five-year renewal terms unless the lessee provides notice not to extend not less than sixty days prior to the expiration of the initial term or the then current renewal term. The initial annual lease payment was \$27,312 and the annual lease payment for the remaining years in the initial lease term will be increased by 3% each year. The total lease payments in 2023 were \$28,904.99.

TOWNSHIP OF INDEPENDENCE

SUPPLEMENTARY DATA

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Robert Giordano	Mayor		
Michael Pennington	Deputy Mayor		
Kathleen Gesumaria	Committee Member		
Bonnie Kelsey	Committee Member		
Jonathan Struber	Committee Member		
Dena Hrebenak	Clerk, Assessment Search Officer, Registrar, Administrator	\$ 2,000,000.00	Statewide Insurance Fund
Derek Macchia	Chief Financial Officer	2,000,000.00	Statewide Insurance Fund
Antoinette Theesfeld	Tax Collector	2,000,000.00	Statewide Insurance Fund
Anna Maria McDougal	Tax Assessor	2,000,000.00	Statewide Insurance Fund
Gebhardt & Kiefer	Attorney		
Nicole Lenar	Magistrate	2,000,000.00	Statewide Insurance Fund
Anne Marie Trezeciakiewicz	Court Clerk, Violations Clerk	2,000,000.00	Statewide Insurance Fund
Greg Chontow	Construction Official	2,000,000.00	Statewide Insurance Fund

All bonds were examined and were properly executed.

TOWNSHIP OF INDEPENDENCE
COUNTY OF WARREN
2023
CURRENT FUND

TOWNSHIP OF INDEPENDENCE
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 3,726,488.06
Increased by Receipts:		
Tax Collector		\$ 18,196,179.66
Revenue Accounts Receivable		563,879.73
Miscellaneous Revenue Not Anticipated		277,793.24
Federal and State Grant Funds Received:		
Grants Receivable		206,875.00
Unappropriated Grant Reserves		37,772.95
Due Other Trust Fund:		
Other Trust Fund - Unemployment Compensation Insurance		3,247.32
Due State of New Jersey:		
Marriage License Fees		425.00
DCA Training Fees		4,976.00
Veterans and Senior Citizens' Deductions		34,750.00
Reserve for Municipal Recovery Fund		31,030.42
Reserve for Payroll Expenses		2,355,486.00
Appropriation Refunds		97,490.98
Appropriation Reserve Refunds		10,976.44
		21,820,882.74
		25,547,370.80
Decreased by Disbursements:		
2023 Appropriation Expenditures		3,607,066.52
2022 Appropriation Reserves		152,724.74
Accounts Payable		10,192.65
Regional High School Taxes		10,579,593.00
County Taxes		4,401,271.31
Tax Overpayments Refunded		7,849.47
Due Other Trust Fund - Reserve for:		
Emergency / Storm Recovery		25,964.16
Accumulated Absences		30,415.05
Unemployment Compensation Insurance		3,247.32
Tax Sale Premiums		9,000.00
Due General Capital Fund:		
Capital Reserves		86,802.04
Federal and State Grant Fund Expenditures		449,792.80
Due State of New Jersey:		
Marriage License Fees		175.00
DCA Training Fees		6,081.00
Redemption of Outside Liens		43,232.91
Reserve for Payroll Expenses		2,357,965.67
Reserve for Pending Settlement		47,434.81
Refund of Prior Year Revenue		13,944.75
		21,832,753.20
Balance December 31, 2023	A	\$ 3,714,617.60

TOWNSHIP OF INDEPENDENCE
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2023

Increased by Receipts:

2023 Taxes Receivable	\$ 17,799,974.92	
2022 Taxes Receivable	181,908.30	
Interest and Costs on Taxes	45,279.01	
Prior Year Tax Penalties on Delinquent Taxes	732.91	
Tax Sale Premiums	9,000.00	
2024 Prepaid Taxes	98,561.25	
Tax Overpayments	17,480.36	
Outside Liens	43,232.91	
Miscellaneous Revenue Not Anticipated	10.00	
		\$ 18,196,179.66

Decreased by:

Disbursed to Municipal Treasurer		\$ 18,196,179.66
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TOWNSHIP OF INDEPENDENCE
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF INDEPENDENCE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 777,022.98
Increased by:		
Transfer from Taxes Receivable		\$ 47,362.95
Year-End Penalty		816.26
		<hr/> 48,179.21
		<hr/> 825,202.19
Decreased by:		
Cancelled		667.11
		<hr/> 667.11
Balance December 31, 2023	A	<u><u>\$ 824,535.08</u></u>

TOWNSHIP OF INDEPENDENCE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2022	Accrued In 2023	Collected by Treasurer	Balance Dec. 31, 2023
Clerk:				
Alcoholic Beverage Licenses		\$ 6,075.00	\$ 6,075.00	
Municipal Court				
Fines and Costs	\$ 2,846.76	26,063.59	27,038.63	\$ 1,871.72
In-Lieu of Taxes - Liberty House		64,256.71	64,256.71	
Municipal Building Rent		53,000.04	53,000.04	
Cell Tower Rents		28,904.99	28,904.99	
Energy Receipts Tax		299,547.36	299,547.36	
Garden State Preservation Trust Fund		4,464.00	4,464.00	
Building Inspector:				
Uniform Construction Code Fees and Fines		64,093.00	64,093.00	
Vacant and Abandoned Property Fee		16,500.00	16,500.00	
	<u>\$ 2,846.76</u>	<u>\$ 562,904.69</u>	<u>\$ 563,879.73</u>	<u>\$ 1,871.72</u>

Ref.

A

A

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

	Balance Dec. 31, 2022	Transferred from Unappropriated Reserves	Received Current Year	Balance Dec. 31, 2023
Stormwater Assistance Grant		\$ 10,000.00		\$ 10,000.00
Municipal Alliance on Alcohol and Drug Abuse:				
2022-2023	\$ 2,650.00		\$ 2,650.00	
2023-2024		2,650.00		2,650.00
Drunk Driving Enforcement Fund		4,695.70		4,695.70
Safe and Secure Communities Grant		16,200.00	16,200.00	
Highlands Grant	5,000.00			5,000.00
Historic Preservation Grant - Senior Center	136,325.00			136,325.00
New Jersey DOT Trust Fund Authority Act:				
Municipal Aid:				
2022 (Russling Road, Section 1 Improvements)	122,200.00		96,375.00	25,825.00
2023 (Russling Road, Section 2 Improvements)		128,500.00	91,650.00	36,850.00
American Rescue Plan - Firefighter Grant		29,000.00		29,000.00
	<u>\$ 266,175.00</u>	<u>\$ 191,045.70</u>	<u>\$ 206,875.00</u>	<u>\$ 250,345.70</u>
<u>Ref.</u>	A	A-14	A-4	A

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

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Mayor and Council:				
Salaries & Wages	\$ 1,204.32	\$ 1,204.32		\$ 1,204.32
Other Expenses	1,046.00	1,046.00		1,046.00
Municipal Clerk:				
Salaries & Wages	3,504.26	3,504.26	\$ 3,095.57	408.69
Other Expenses	8,752.52	8,752.52	826.20	7,926.32
Financial Administration:				
Salaries & Wages	183.46	183.46		183.46
Other Expenses	2,030.45	2,030.45	768.16	1,262.29
Revenue Administration (Tax Collection):				
Salaries & Wages	583.00	583.00		583.00
Other Expenses	1,069.19	1,069.19	129.18	940.01
Assessment of Taxes:				
Salaries & Wages	52.00	52.00		52.00
Other Expenses	4,353.71	4,353.71	271.57	4,082.14
Legal Services and Costs:				
Other Expenses	6,868.15	6,868.15	4,673.59	2,194.56
Engineering Services and Costs:				
Other Expenses	5,974.50	5,974.50	1,331.25	4,643.25
LAND USE ADMINISTRATION:				
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Planning Board:				
Salaries & Wages	60.00	60.00		60.00
Other Expenses	4,638.87	4,638.87	737.79	3,901.08
Zoning Officer:				
Other Expenses	400.00	400.00		400.00
Insurance:				
General Liability Insurance	600.00	600.00	500.00	100.00
Group Plan for Employees	52,176.88	51,176.88	39.13	51,137.75
Unemployment Insurance	5,000.00	5,000.00		5,000.00
PUBLIC SAFETY:				
Police:				
Salaries & Wages	55,538.19	55,538.19	55,538.19	
Other Expense	27,870.37	27,870.37	8,411.37	19,459.00
Office of Emergency Management:				
Other Expenses	991.01	991.01		991.01
Uniform Fire Safety Act:				
Other Expenses	100.00	100.00		100.00
Municipal Prosecutor:				
Other Expenses	1,907.50	1,907.50	1,526.00	381.50

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

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC WORKS:				
Road Repairs and Maintenance:				
Salaries & Wages	\$ 13,092.28	\$ 13,092.28	\$ 13,092.28	
Other Expenses	77,442.47	76,442.47	52,884.93	\$ 23,557.54
Garbage and Trash Removal:				
Other Expenses	1,473.12	1,473.12		1,473.12
Public Building and Grounds:				
Other Expenses	2,622.57	2,622.57	2,613.03	9.54
Vehicle Maintenance:				
Other Expenses	15,571.84	16,571.84	16,055.39	516.45
Community Services Act:				
Other Expenses	7,104.27	7,104.27		7,104.27
HEALTH AND HUMAN SERVICES:				
Environmental Commission (R.S. 40:56A-1):				
Other Expenses	580.00	580.00		580.00
Dog Regulation:				
Other Expenses	994.86	1,994.86	1,900.00	94.86
Senior Citizen Center:				
Other Expenses	1,000.00	1,000.00		1,000.00
RECREATION:				
Recreation:				
Salaries & Wages	41.00	41.00		41.00
Other Expenses	2,200.23	2,200.23		2,200.23
COURT AND PUBLIC DEFENDER:				
Municipal Court:				
Salaries & Wages	2,103.39	2,103.39	229.49	1,873.90
Other Expenses	2,344.31	2,344.31		2,344.31
Public Defender:				
Other Expenses	1,600.00	1,600.00	600.00	1,000.00
STATE UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries & Wages	1,185.97	1,185.97	503.04	682.93
Other Expenses	803.02	803.02		803.02
Other Code Enforcement:				
Vacant and Abandoned Properties:				
Salaries & Wages	738.00	738.00		738.00
UNCLASSIFIED:				
Landfill Closure:				
Other Expenses	642.50	642.50		642.50
Utilities:				
Other Expenses	17,706.60	17,706.60	7,249.26	10,457.34
Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	4,591.53	4,591.53	3,018.88	1,572.65
Disability Insurance	338.91	338.91	45.61	293.30
Defined Contribution Retirement Program	792.42	792.42	60.31	732.11

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

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
Capital Improvements - Excluded from "CAPS":				
Fire Equipment	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	
Police Equipment	10,000.00	10,000.00	10,000.00	
Police Vehicles	8,829.33	8,829.33	8,829.33	
Fire Truck	55,000.00	55,000.00	55,000.00	
	<u>\$ 448,703.00</u>	<u>\$ 448,703.00</u>	<u>\$ 284,929.55</u>	<u>\$ 163,773.45</u>
<u>Analysis of Balance @ 12/31/2022</u>				
Unencumbered	\$ 383,952.54			
Encumbered	64,750.46			
	<u>\$ 448,703.00</u>			

Cash Disbursed	\$ 152,724.74
Due to Other Trust Funds - Reserve for Emergency / Storm Recovery	25,964.16
Due to Other Trust Funds - Reserve for Compensated Absences	30,415.05
Due General Capital Fund	86,802.04
	<u>295,905.99</u>
Less: Refunds	10,976.44
	<u>\$ 284,929.55</u>

TOWNSHIP OF INDEPENDENCE
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE

Balance December 31, 2022:			
Regional School Taxes Deferred	\$ 4,454,287.46		
Regional School Taxes Payable	775,876.54		
			\$ 5,230,164.00
Increased by:			
Levy School Year - July 1, 2023 to June 30, 2024			10,698,858.00
			15,929,022.00
Decreased by:			
Payments to Regional School District			10,579,593.00
			10,579,593.00
Balance December 31, 2023:			
Regional School Taxes Deferred	4,454,287.46		
Regional School Taxes Payable	895,141.54		
			\$ 5,349,429.00
			\$ 5,349,429.00

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

	Balance Dec. 31, 2022	Transferred from 2023 Budget Appropriations	Expended	Encumbrances Payable	Balance Dec. 31, 2023
Clean Communities:					
2021	\$ 6,297.88		\$ 6,297.88		
2022	16,159.17		207.23		\$ 15,951.94
2023		\$ 18,124.35			18,124.35
Stormwater Assistance Grant - 2023		25,000.00	1,081.25		23,918.75
Recycling Tonnage Grant:					
2022	2,260.48		1,148.52		1,111.96
2023		2,344.73			2,344.73
Lead Grant Assistance Program:					
2023		1,100.00			1,100.00
Drunk Driving Enforcement Fund:					
2019 - S&W	2,154.57			\$ 2,154.57	
2019 - O/E	414.61			414.61	
2021	3,301.45			3,301.45	
2023		4,695.70			4,695.70
Municipal Alliance on Alcohol and Drug Abuse:					
2019-20 - Local	585.98		585.98		
2020-21 - Local	1,585.90		76.52		1,509.38
2022-23 - State	2,650.00		2,650.00		
2023-24 - State		2,650.00			2,650.00
2023-24 - Local		662.50			662.50
Body Armor Replacement Fund:					
2019	387.35				387.35
2021	58.23				58.23
2022	863.13				863.13
2023		1,037.17			1,037.17
Safe and Secure Communities Program - 2023		16,200.00	16,200.00		
Body Worn Camera Grant - 2021	6,436.60			2,591.25	3,845.35
Highlands Grant - 2021	4,445.60				4,445.60
New Jersey DOT Trust Fund Authority Act:					
Municipal Aid:					
2022 (Russling Road, Section 1 Improvements)	122,145.00		103,762.18	2,172.84	16,209.98
2023 (Russling Road, Section 2 Improvements)		128,500.00	103,708.91	2,114.80	22,676.29
American Rescue Plan:					
Coronavirus State & Local Gov't Fiscal Recovery Funds	251,127.48	283,180.78	189,530.33	116,863.37	227,914.56
Firefighter Grant (ARP FFG)		29,000.00	22,336.00	6,664.00	
Police Donations:					
2019	58.00		58.00		
2020	600.00		600.00		
2021	900.00		900.00		
2022	650.00		650.00		
2023		350.00			350.00
Historic Preservation Grant - 2019	131,196.67				131,196.67
	<u>\$ 554,278.10</u>	<u>\$ 512,845.23</u>	<u>\$ 449,792.80</u>	<u>\$ 136,276.89</u>	<u>\$ 481,053.64</u>
Ref.	A	A-3	A-4	A	A
<u>Analysis of Balance @ 12/31/2022</u>					
Unencumbered	\$ 533,688.33				
Encumbered	20,589.77				
	<u>\$ 554,278.10</u>				
		Local	\$ 2,870.50		\$ 133,718.55
		Federal	211,866.33	\$ 123,527.37	227,914.56
		State	235,055.97	12,749.52	119,420.53
			<u>\$ 449,792.80</u>	<u>\$ 136,276.89</u>	<u>\$ 481,053.64</u>

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

	Balance Dec. 31, 2022	Cash Received	Transferred to Grants Receivable	Transferred to 2023 Budget Revenue	Cancelled	Balance Dec. 31, 2023
Recycling Tonnage Grant		\$ 2,344.73		\$ 2,344.73		
Clean Communities Grant		18,124.35		18,124.35		
Stormwater Assistance Grant		15,000.00	\$ 10,000.00	25,000.00		
Lead Grant Assistance Program		1,100.00		1,100.00		
Municipal Alliance on Alcohol and Drug Abuse			2,650.00	2,650.00		
Safe and Secure Communities Program			16,200.00	16,200.00		
Alcohol Education and Rehabilitation Fund	\$ 124.83				\$ 124.83	
Body Armor Replacement Fund	1,037.17	1,203.87		1,037.17		\$ 1,203.87
Drunk Driving Enforcement Fund			4,695.70	4,695.70		
New Jersey DOT Trust Fund Authority Act: Municipal Aid:						
2023 (Russling Road, Section 2 Improvements)			128,500.00	128,500.00		
American Rescue Plan:						
Coronavirus State & Local Gov't Fiscal Recovery Funds	283,180.78		29,000.00	283,180.78		
Firefighter Grant (ARP FFG)				29,000.00		
Reserve for Police Donations	350.00			350.00		
	<u>\$ 284,692.78</u>	<u>\$ 37,772.95</u>	<u>\$ 191,045.70</u>	<u>\$ 512,182.73</u>	<u>\$ 124.83</u>	<u>\$ 1,203.87</u>
	A		A			A

TOWNSHIP OF INDEPENDENCE
COUNTY OF WARREN
2023
TRUST FUNDS

TOWNSHIP OF INDEPENDENCE
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

		Animal Control Fund	Other Trust Funds
<u>Ref.</u>			
Balance December 31, 2022	B	\$ 1.40	\$ 523,287.45
Increased by Receipts:			
Township Dog License Fees		\$ 4,250.40	
Penalties on Dog License Fees		380.00	
State Dog License Fees		768.60	
Uniform Construction Code (U.C.C.):			
Due from Green Township			\$ 41,797.46
Interest Earnings			56.56
Recreation Trust			77,550.59
Developer's Escrow Deposits			30,258.75
Emergency / Storm Recovery			25,964.16
Unemployment Compensation Insurance			3,247.32
Tax Sale Premiums			9,000.00
Accumulated Absences			30,415.05
Council on Affordable Housing (C.O.A.H.)			13,469.53
		5,399.00	231,759.42
		5,400.40	755,046.87
Decreased by Disbursements:			
Administrative Expenses		4,230.46	
Due to State of New Jersey		768.60	
Uniform Construction Code (U.C.C.):			
Due to Green Township			4,000.00
Payroll Expenses			30,141.84
Inspector Fees			2,847.50
Recreation Trust			69,946.32
Developer's Escrow:			
Project Expenditures			63,151.20
Emergency / Storm Recovery			2,354.50
Unemployment Compensation Insurance			2,604.61
Tax Sale Premiums			3,100.00
Accumulated Absences			32,148.50
Council on Affordable Housing (C.O.A.H.)			2,112.32
		4,999.06	212,406.79
Balance December 31, 2023	B	\$ 401.34	\$ 542,640.08

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

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 26.40
Increased by:		
Dog License Fees:		
Collected in Current Year		\$ 4,250.40
Penalties and Other Fees		380.00
		4,630.40
		4,656.80
Decreased by:		
Expenditures Under R.S. 4:19-15.11		4,230.46
		4,230.46
Balance December 31, 2023	B	\$ 426.34

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	\$ 4,294.40
2022	4,364.80
	4,364.80
Maximum Allowable Reserve	\$ 8,659.20

TOWNSHIP OF INDEPENDENCE
COUNTY OF WARREN
2023
GENERAL CAPITAL FUND

TOWNSHIP OF INDEPENDENCE
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 471,733.34
Increased by:		
Budget Appropriation:		
Capital Improvement Fund		\$ 45,000.00
Deferred Charges to Future Taxation Unfunded		209,000.00
Budget Appropriation Reserve:		
Reserve for Purchase of Fire Truck		55,000.00
Reserve for Purchase of Fire Equipment		16,133.54
Reserve for Purchase of Police Equipment		10,000.00
Reserve for Purchase of Police Vehicles		5,668.50
		340,802.04
		812,535.38
Decreased by:		
Improvement Authorization Expenditures		9,816.15
Bond Anticipation Notes		209,000.00
		218,816.15
Balance December 31, 2023	C	\$ 593,719.23

TOWNSHIP OF INDEPENDENCE
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts		Disbursements			Balance Dec. 31, 2023
	Balance Dec. 31, 2022	Budget Appropriation	Improvement Authorizations	Bond Anticipation Notes	Balance Dec. 31, 2023	
Fund Balance	\$ 7.33				\$ 7.33	
Capital Improvement Fund	152,343.05	\$ 45,000.00			197,343.05	
Reserve for Road Improvements	187,608.23				187,608.23	
Reserve for Improvements to Municipal Facilities	761.76				761.76	
Reserve for Purchase of Fire Truck	80,000.00	55,000.00			135,000.00	
Reserve for Purchase of Fire Equipment		16,133.54			16,133.54	
Reserve for Purchase of Police Equipment		10,000.00			10,000.00	
Reserve for Purchase of Police Vehicles		5,668.50			5,668.50	
<u>Ord Date</u>						
2016-04		20,000.00		\$ 20,000.00		
2017-06	6,965.97	189,000.00		189,000.00	6,965.97	
2019-06	47.00				47.00	
2021-05	20,000.00		\$ 2,567.00		17,433.00	
2022-03	24,000.00		7,249.15		16,750.85	
	\$ 471,733.34	\$ 340,802.04	\$ 9,816.15	\$ 209,000.00	\$ 593,719.23	

TOWNSHIP OF INDEPENDENCE
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2022		Paid or Charged	Balance Dec. 31, 2023
				Funded	Unfunded		
2017-06	Various Road Improvements and Equipment	05/09/17	\$ 240,000.00		\$ 6,965.97		\$ 6,965.97
2019-06	Police Equipment	08/26/19	24,000.00	\$ 47.00			47.00
2021-05	Police Equipment	07/13/21	20,000.00	20,000.00		\$ 2,567.00	17,433.00
2022-03	Improvements to Municipal Building	03/08/22	24,000.00	24,000.00		7,249.15	16,750.85
				\$ 44,047.00	\$ 6,965.97	\$ 9,816.15	\$ 41,196.82
			<u>Ref.</u>	C	C	C	C

TOWNSHIP OF INDEPENDENCE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>
Balance December 31, 2022	C \$ 152,343.05
Increased by:	
Current Fund Budget Appropriation	<u>45,000.00</u>
Balance December 31, 2023	C <u>\$ 197,343.05</u>

TOWNSHIP OF INDEPENDENCE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Authorization	Issue of Original Note	Date of		Maturity	Interest Rate	Balance		Matured	Balance Dec. 31, 2023
			Issue	Dec. 31, 2022			Dec. 31, 2022	Dec. 31, 2023		
2016-04	Various Road Improvements and Equipment	12/07/16	09/28/22	09/27/23	09/27/23	3.50%	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	
2017-06	Various Road Improvements and Equipment	12/06/17	09/28/22	09/27/23	09/27/23	3.50%	189,000.00	189,000.00	189,000.00	
							\$ 209,000.00	\$ 209,000.00	\$ 209,000.00	\$ -0-
						<u>Ref.</u>	C	C		C
						Paid by Budget Appropriation		\$ 209,000.00	\$ 209,000.00	

TOWNSHIP OF INDEPENDENCE
GENERAL CAPITAL
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF INDEPENDENCE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2023

Ord. Date	Improvement Description	Funded by Budget Appropriation	Bond Anticipation Notes Redeemed
06/14/06	Various Road Improvements and Equipment	\$ 20,000.00	\$ 20,000.00
05/09/17	Various Road Improvements and Equipment	189,000.00	189,000.00
		<u>\$ 209,000.00</u>	<u>\$ 209,000.00</u>

TOWNSHIP OF INDEPENDENCE

PART II

SINGLE AUDIT

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

Name of Federal Agency or Department	Name of Program	Assistance Listing Number	Pass Through Entity ID	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Treasury: (Passed through New Jersey Department of Community Affairs)	COVID-19 American Rescue Plan - Plan/Coronavirus State and Local Government Fiscal Recovery Funds	21.017	100-022-8030-687-046010	03/15/21	12/31/24	\$ 566,361.55		\$ 189,530.33	\$ 221,583.62	
	COVID-19 American Rescue Plan - Firefighter Grant	21.017	100-022-8030-689-046180	01/01/23	12/31/24	29,000.00		22,336.00	22,336.00	
Total U.S. Department of Treasury								211,866.33	243,919.62	
Total Federal Awards							\$ -0-	\$ 211,866.33	\$ 243,919.62	\$ -0-

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

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities	765-042-4900-004-178910	01/01/21	12/31/23	\$ 15,658.53	\$ 6,297.88	\$ 15,658.53	
			01/01/22	12/31/24	16,159.17	207.23	207.23	
			01/01/23	12/31/24	18,124.35			
	Total Clean Communities				18,124.35	6,505.11	15,865.76	
	Recycling Tonnage Grant	752-042-4900-001-6020	01/01/22	12/31/24	2,260.48	1,148.52	1,148.52	
			01/01/23	12/31/24	2,344.73			
	Total Recycling Tonnage Grant				2,344.73	1,148.52	1,148.52	
	Stormwater Assistance Grant	100-042-4850-099-290400	01/01/23	12/31/24	25,000.00	1,081.25	1,081.25	
	Total Stormwater Assistance Grant				25,000.00	1,081.25	1,081.25	
Total Department of Environmental Protection					35,469.08	8,734.88	18,095.53	
Department of Law and Public Safety	Body Armor Grant	718-066-1020-001-YCJS-6010	01/01/23	12/31/24	1,203.87			
	Total Body Armor Grant				1,203.87			
Department of Law and Public Safety	Safe and Secure Communities Program	100-066-1020-107-090940	01/01/23	12/31/23	16,200.00	16,200.00	16,200.00	
	Total Safe and Secure Communities Program				16,200.00	16,200.00	16,200.00	
Total Department of Law and Public Safety					17,403.87	16,200.00	16,200.00	
Department of Transportation	Municipal Aid:							
	Russling Road - Section I Improvements	078-6320-480-	01/01/22	12/31/24	122,200.00	103,762.18	103,817.18	
	Russling Road - Section II Improvements	AOP-606281	01/01/23	12/31/24	128,500.00	103,708.91	103,708.91	
Total Department of Transportation				188,025.00	207,471.09	207,526.09		

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

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Treasury	Lead Grant Assistance Program	100-022-8020- 304-023110	01/01/23	12/31/24	\$ 1,100.00	\$ 1,100.00		
	Total Lead Grant Assistance Program					1,100.00		
(Passed Through the County of Morris)	Governor's Council on Alcoholism and Drug Abuse	200-475- 665120-60	07/01/22	06/30/23	2,650.00	2,650.00	\$ 2,650.00	\$ 2,650.00
	Total Governor's Council on Alcoholism and Drug Abuse					2,650.00	2,650.00	2,650.00
Total Department of Treasury						3,750.00	2,650.00	2,650.00
Total State Awards						\$ 244,647.95	\$ 235,055.97	\$ 244,471.62

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF INDEPENDENCE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Township of Independence under programs of the federal and state governments for the year ended December 31, 2023. The information in these schedules is presented in accordance with the requirements of 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 operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“the Division”), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Independence, in the County of Warren (the "Township") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated May 17, 2024. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division’s regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That report contained a qualified opinion on the financial statements as the amount that should be recorded in the general fixed assets account group could not be determined.

Report on Internal Control Over Financial Reporting

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

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2023-001 and 2023-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

The Township's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the responses.

Purpose of this Report

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

Mount Arlington, New Jersey
May 17, 2024

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Registered Municipal Accountant No. 562
Certified Public Accountant

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, 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, as the amount that should be recorded in the general fixed assets account group could not be determined.
- Significant deficiencies disclosed during the audit of the financial statements are 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 material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2023 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

The audit disclosed the following significant deficiencies required to be reported under Generally Accepted Government Auditing Standards:

Finding 2023-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The reconciliation of bank accounts, the preparation of the general ledger for the various funds as well as the preparation of payroll are performed by the Chief Financial Officer. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Cause

This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

TOWNSHIP OF INDEPENDENCE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards (Cont'd)

Finding 2023-001 (Cont'd)

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that the Township maintains an adequate segregation of duties with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Finding 2023-002

Fixed Asset Reporting

Criteria

A fixed assets accounting and reporting system is required to be in compliance with the New Jersey Administrative Code Accounting Requirements.

Condition

A fixed asset accounting and reporting system has not been implemented. The Township has an analysis of Township owned land, buildings and vehicles. However, a complete listing of fixed assets (which details, by historical cost, all Township fixed assets by tag number and location) is not maintained. A fixed assets accounting and reporting system is a key control, in that it helps to ensure that assets are safeguarded against loss from unauthorized use or disposition.

Cause

Sufficient Township personnel and/or financial resources are not available to perform the initial inventory of the Township's fixed assets.

Effect or Potential Effect

The Township is not in compliance with the New Jersey Administrative Code Accounting Requirements. Township fixed assets records are not available which could be possibly used to aid in the planning for replacement of assets.

TOWNSHIP OF INDEPENDENCE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards (Cont'd)

Finding 2023-002 (Cont'd)

Recommendation

It is recommended that a fixed assets accounting and reporting system be implemented.

Management's Response

The finding has been evaluated by the Township, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold defined in the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold defined in New Jersey's OMB Circular 15-08.

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

The Township's prior year findings 2022-001 and 2022-002 regarding segregation of duties and fixed assets have not been resolved due to budgetary constraints and are included as current year findings 2023-001 and 2023-002 on the Schedule of Findings and Responses.

TOWNSHIP OF INDEPENDENCE

PART III

COMMENTS AND RECOMMENDATIONS

TOWNSHIP OF INDEPENDENCE
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 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 (N.J.S.A. 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 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

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

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 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.

TOWNSHIP OF INDEPENDENCE
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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 rate to be charged for the nonpayment of taxes on or before the date when they would become delinquent.

On January 3, 2023, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Township Committee of the Township of Independence, Warren County, that the rate of interest to be paid upon delinquent taxes for the year 2023 shall be fixed at the rate of 8 percent per annum to \$1,500, and any amount in excess of \$1,500 shall be fixed at the rate of 18 percent per annum. However, interest shall not be collected upon taxes that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. An additional penalty of 6% of the amount of the delinquency will be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 24, 2023, and included all eligible properties.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2023	21
2022	22
2021	21

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

TOWNSHIP OF INDEPENDENCE
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

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

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

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 asset accounting and reporting system.
3. General ledger accounting system.

The Township currently complies with these accounting requirements except as noted below.

The Township does not have a fixed asset accounting and reporting system in place. At the present time, fixed assets may be discarded without management's authorization, or items may be lost or stolen and not be detected within a timely period. It is recommended that a fixed asset accounting and reporting system be implemented.

Municipal Court

The transactions for the year 2023 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Cash</u> <u>Received</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Municipal Treasurer:				
Fines and Costs	\$ 2,846.76	\$ 26,063.59	\$ 27,038.63	\$ 1,871.72
Public Defender Fees		400.00	400.00	
Interest	11.57	169.96	168.89	12.64
County:				
Fines and Costs	1,160.00	14,025.50	14,192.50	993.00
State Treasurer:				
Fines and Costs	1,141.57	16,324.93	15,654.05	1,812.45
Weights and Measures		200.00	200.00	
Fish & Game		100.00	100.00	
	<u>\$ 5,159.90</u>	<u>\$ 57,283.98</u>	<u>\$ 57,754.07</u>	<u>\$ 4,689.81</u>

TOWNSHIP OF INDEPENDENCE
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

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

COVID-19 Federal Funding

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

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

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

Status of Prior Year Recommendations

The prior year recommendations concerning segregation of duties and the implementation of a fixed assets accounting and reporting system have not been resolved and are included as recommendations for 2023.

TOWNSHIP OF INDEPENDENCE
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Township maintains an adequate segregation of duties with respect to the recording and treasury functions.
2. A fixed assets accounting and reporting system be implemented.

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