

**TOWNSHIP OF NORTH HANOVER**  
**AUDIT REPORT FOR THE YEAR ENDED**  
**DECEMBER 31, 2021**



**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of North Hanover  
County of Burlington  
North Hanover, New Jersey

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of North Hanover as of December 31, 2021 and 2020, and the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Township of North Hanover's basic financial statements as listed in the table of contents.

#### *Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

In our opinion, because of the significance of the matter discussed in the below "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of North Hanover, as of December 31, 2021 and 2020, or the results of its operations and changes in fund balance for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of North Hanover, as of December 31, 2021 and 2020, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and general fixed assets group of accounts - regulatory basis, for the year ended December 31, 2021 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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## **Basis for Opinions**

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

### *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

As described in Note 1, the financial statements are prepared by the Township of North Hanover on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of North Hanover's ability to continue as a going concern for twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

## **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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

### **Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of North Hanover's basic financial statements. The supplemental schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the letter of comments and recommendations section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with Government Auditing Standards, we have also issued our report dated July 13, 2022 on our consideration of the Township of North Hanover'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 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 of North Hanover's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 473

Medford, New Jersey  
July 13, 2022



Certified Public Accountants & Advisors

**INDEPENDENT AUDITOR'S 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**

Honorable Mayor and Members  
of the Township Committee  
Township of North Hanover  
County of Burlington  
North Hanover, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of North Hanover, County of Burlington, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township of North Hanover's basic financial statements, and have issued our report thereon dated July 13, 2022. Our report indicated that the Township of North Hanover's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of North Hanover'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 of North Hanover's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of North Hanover's internal control.

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

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

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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of North Hanover's financial statements are free from 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of North Hanover's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township of North Hanover's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #473

Medford, New Jersey  
July 13, 2022

**BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Regular Fund:			
Cash - Treasurer	A-4	\$ 3,508,652.58	\$ 2,344,729.48
Petty Cash	A	450.00	450.00
Change Funds	A-6	550.00	550.00
Total		<u>3,509,652.58</u>	<u>2,345,729.48</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	118,395.33	135,908.55
Tax Title Liens Receivable	A-9	29,818.27	54,702.12
Property Acquired for Taxes - (Assessed Valuation)	A-18	3,410.00	3,410.00
Revenue Accounts Receivable	A-10	6,438.33	7,566.66
Due from State & Federal Grant Fund	A	-	171,571.75
Due from Animal Control Trust	B	9,564.22	7,921.32
Due from Trust Other Fund	B	44,814.62	73,573.29
Total Receivable & Other Assets With Full Reserves		<u>212,440.77</u>	<u>454,653.69</u>
Deferred Charges To Future Taxation:			
Special Emergency Authorizations N.J.S.A. 40A:4-53	A	-	2,560.00
Total		<u>-</u>	<u>2,560.00</u>
Total Regular Fund		<u>3,722,093.35</u>	<u>2,802,943.17</u>
Federal & State Grant Fund:			
Due from Trust Other Fund	B	6,541.00	6,541.00
Due from Current Fund	A	314,535.30	-
Federal & State Grants Receivable	A-20	517,428.90	711,277.75
Total Federal & State Grants		<u>838,505.20</u>	<u>717,818.75</u>
		<u>\$ 4,560,598.55</u>	<u>\$ 3,520,761.92</u>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2021	2020
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 268,410.39	\$ 246,640.82
Accounts Payable	A	1,434.00	3,316.00
Reserve for Encumbrances	A-3	68,305.68	60,359.81
Prepaid Taxes	A-12	80,732.45	83,772.67
Tax Overpayments	A-13	4,103.40	3,516.85
County Taxes Payable	A-14	230.74	230.74
Due County for Added & Omitted Taxes	A-15	9,114.68	6,289.88
Due To State of New Jersey - Senior Citizen & Veteran Deductions	A-7	3,951.00	3,701.00
Due To State of New Jersey - DCA Training Fees	A	-	7.00
Reserve for Preparation of Master Plan	A	810.00	810.00
Reserve for JIF Safety Program	A	11,273.75	7,336.28
Reserve for Revaluation	A	8,470.76	8,470.76
Reserve for Codification of Ordinances	A	255.00	1,450.00
Reserve for Insurance Recoveries	A	1,566.45	1,566.45
Reserve for Snow Removal	A	25,000.00	25,000.00
Reserve for Sale of Municipal Assets	A	5,625.00	5,625.00
Reserve for Roads- NJ Natural Gas Impact	A	1,448,680.00	886,840.00
Due to Other Trust Fund - Municipal Open Space	A-19, B	31,453.00	31,453.00
Due to General Capital Fund	C	30,000.00	30,000.00
Due to Federal & State Grant Fund	A	314,535.30	-
Total Liabilities		<u>2,313,951.60</u>	<u>1,406,386.26</u>
Reserve for Receivables & Other Assets	A	212,440.77	454,653.69
Fund Balance	A-1	<u>1,195,700.98</u>	<u>941,903.22</u>
Total Regular Fund		<u>3,722,093.35</u>	<u>2,802,943.17</u>
State & Federal Grants:			
Due to General Capital Fund	C	52,342.00	52,342.00
Due to Current Fund	A	-	171,571.75
Encumbrance Payable	A-22	4,337.28	15,688.63
Reserve for Federal & State Grants:			
Unappropriated	A-21	451,547.25	16,711.84
Appropriated	A-22	330,278.67	461,504.53
Total State & Federal Grants		<u>838,505.20</u>	<u>717,818.75</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 4,560,598.55</u>	<u>\$ 3,520,761.92</u>



**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENTS OF OPERATIONS AND CHANGES IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 725,000.00	\$ 650,000.00
Miscellaneous Revenue Anticipated	1,760,348.57	1,890,258.21
Receipts From Delinquent Taxes	164,217.99	140,899.44
Receipts from Current Taxes	9,684,028.05	9,636,199.54
Nonbudget Revenues	347,385.40	285,549.88
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	219,160.48	74,306.78
Interfunds Returned	203,704.98	-
	<u>13,103,845.47</u>	<u>12,677,213.85</u>
Total Income		
Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,230,026.00	1,266,876.00
Other Expenses	1,166,875.00	1,186,675.00
Deferred Charges & Statutory Expenditures - Municipal	339,366.00	271,457.00
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	85,500.93	87,164.41
Other Expenses	266,189.35	265,467.99
Municipal Debt Service	517,696.45	524,347.51
Capital Improvements	287,000.00	275,000.00
Deferred Charges & Statutory Expenditures - Municipal	2,560.00	2,560.00
County Taxes	1,759,798.33	1,787,000.23
Due County for Added and Omitted Taxes	9,114.68	6,289.88
Local District School Taxes	3,182,272.50	3,119,875.00
Regional School Taxes	3,225,313.21	3,273,467.19
Refund of Prior Year Revenue	-	1,382.00
Prior Year Deductions Disallowed by Collector	250.00	500.00
Cancel Federal & State Grant Receivables	49,710.70	-
Interfunds - Advanced	3,374.56	31,812.04
	<u>12,125,047.71</u>	<u>12,099,874.25</u>
Total Expenditures		
Excess in Revenue	<u>978,797.76</u>	<u>577,339.60</u>
Statutory Excess to Fund Balance	978,797.76	577,339.60
Fund Balance January 1	<u>941,903.22</u>	<u>1,014,563.62</u>
Total	1,920,700.98	1,591,903.22
Decreased by:		
Utilized as Anticipated Revenue	<u>725,000.00</u>	<u>650,000.00</u>
Fund Balance December 31	<u><u>\$ 1,195,700.98</u></u>	<u><u>\$ 941,903.22</u></u>

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 725,000.00	\$ -	\$ 725,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	2,000.00	-	5,342.40	3,342.40
Other	8,000.00	-	14,949.18	6,949.18
Fees & Permits	175,000.00	-	186,034.96	11,034.96
Fines & Costs:				
Municipal Court	85,300.00	-	92,067.54	6,767.54
Interest on Costs & Taxes	30,000.00	-	47,523.29	17,523.29
Interest on Investments & Deposits	1,690.72	-	9,312.55	7,621.83
New Jersey Natural Gas Impact	300,000.00	-	300,000.00	-
Communication Leases - Cable/Tower	40,000.00	-	60,119.37	20,119.37
Energy Tax Receipts	765,714.00	-	765,714.00	-
Uniform Construction Code Fees	46,500.00	-	84,490.00	37,990.00
Public & Private Revenues Offset with Appropriations:				
Clean Communities Program	15,255.93	-	15,255.93	-
Safe & Secure Communities Program	16,200.00	-	16,200.00	-
NJ DOT - Schoolhouse Road - Phase III	-	162,000.00	162,000.00	-
Drunk Driving	1,339.35	-	1,339.35	-
<b>Total Revenues</b>	<b>1,487,000.00</b>	<b>162,000.00</b>	<b>1,760,348.57</b>	<b>111,348.57</b>
Receipts from Delinquent Taxes	140,000.00	-	164,217.99	24,217.99
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	1,610,000.00	-	1,745,686.76	135,686.76
<b>Budget Totals</b>	<b>3,962,000.00</b>	<b>162,000.00</b>	<b>4,395,253.32</b>	<b>271,253.32</b>
Nonbudget Revenues	-	-	347,385.40	347,385.40
<b>Total</b>	<b>\$ 3,962,000.00</b>	<b>\$ 162,000.00</b>	<b>\$ 4,742,638.72</b>	<b>\$ 618,638.72</b>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**ANALYSIS OF REALIZED REVENUE**

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 9,684,028.05
Allocated to School, County & Local Open Space Taxes	<u>8,166,824.01</u>
Balance of Support of Municipal Budget Appropriations	1,517,204.04
Add: Appropriation "Reserve for Uncollected Taxes"	<u>228,482.72</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 1,745,686.76</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 136,158.55
Tax Title Lien Collections	<u>28,059.44</u>
Total Collections	<u><u>\$ 164,217.99</u></u>
Fees & Permits - Other:	
Dump Fees	\$ 39,666.00
Gun Permit	843.00
Land Use Application	3,400.00
Zoning Permits	1,450.00
Miscellaneous	215.56
Mobile Home Fees	<u>140,460.40</u>
Total	<u><u>\$ 186,034.96</u></u>

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Miscellaneous Fees	\$ 10,585.77
COVID Reimbursement	10,000.00
Inspection of Motor Vehicles	3,000.00
Administrative Fee for Senior Citizens/Veterans and Homestead Rebates	705.00
Scrap Metal/Oil	2,771.20
Cable Franchise Fee	44,350.07
Outside Police	257,493.03
Hotel/Motel Licenses	18,450.33
Tax Collector - Miscellaneous	<u>30.00</u>
Total	<u><u>\$ 347,385.40</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<b>OPERATIONS - WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Mayor & Township Committee:						
Salaries and Wages	\$ 27,500.00	\$ 27,500.00	\$ 24,995.10	\$ -	\$ 2,504.90	\$ -
Other Expenses	3,325.00	3,325.00	2,981.11	85.00	258.89	-
Municipal Clerk:						
Salaries and Wages	56,800.00	59,800.00	59,675.92	-	124.08	-
Other Expenses	8,375.00	9,375.00	9,204.40	156.00	14.60	-
Financial Administration:						
Salaries and Wages	75,331.00	76,331.00	76,147.44	-	183.56	-
Other Expenses	26,505.00	26,505.00	17,506.44	6,002.72	2,995.84	-
Audit Services:						
Other Expenses	32,500.00	32,500.00	32,500.00	-	-	-
Collection of Taxes:						
Salaries and Wages	38,050.00	38,050.00	36,434.67	-	1,615.33	-
Other Expenses	11,148.00	11,148.00	4,400.36	3,898.55	2,849.09	-
Assessment of Taxes:						
Salaries and Wages	26,935.00	27,435.00	27,420.11	-	14.89	-
Other Expenses	5,100.00	5,100.00	3,225.04	333.40	1,541.56	-
Legal Services & Costs:						
Other Expenses	40,500.00	40,500.00	27,704.50	-	12,795.50	-
Engineering Services & Costs:						
Other Expenses	21,070.00	21,070.00	15,890.24	897.50	4,282.26	-
Municipal Land Use Law (N.J.S. 40:55D-1):						
Planning & Zoning Board:						
Salaries and Wages	2,625.00	2,625.00	2,519.92	-	105.08	-
Other Expenses	5,850.00	5,850.00	3,329.30	-	2,520.70	-
Zoning Officer:						
Other Expenses	775.00	775.00	600.00	-	175.00	-
Mobile Home Inspector:						
Other Expenses	200.00	200.00	100.00	-	100.00	-
<b>INSURANCE:</b>						
Other Insurance Premiums	52,100.00	53,300.00	53,248.00	-	52.00	-
Worker's Compensation Insurance	115,200.00	115,200.00	115,200.00	-	-	-
Group Insurance Plan for Employees	260,050.00	236,050.00	211,611.77	-	24,438.23	-
<b>PUBLIC SAFETY:</b>						
Police:						
Salaries and Wages	713,130.00	700,930.00	629,618.26	-	71,311.74	-
Other Expenses	88,350.00	87,550.00	55,941.99	31,547.10	60.91	-

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS - WITHIN "CAPS"</b>							
Emergency Management Service:							
Salaries and Wages	4,100.00	4,100.00	2,803.00	-	1,297.00	-	-
Other Expenses	2,120.00	2,220.00	2,164.80	-	55.20	-	-
Aid to Volunteer Fire Company:							
Jacobstown Volunteer Fire Company	38,050.00	38,050.00	33,031.39	2,597.30	2,421.31	-	-
Municipal Prosecutor:							
Salaries and Wages	2,910.00	3,010.00	2,929.16	-	80.84	-	-
Other Expenses	16,625.00	16,625.00	14,208.37	-	2,416.63	-	-
<b>PUBLIC WORKS FUNCTIONS</b>							
Public Works:							
Contractual Services:							
Other Expenses	141,246.00	133,246.00	126,107.94	1,213.47	5,924.59	-	-
Sanitation:							
Waste Facility:							
Salaries and Wages	30,410.00	31,410.00	31,376.34	-	33.66	-	-
Other Expenses	31,700.00	31,700.00	28,272.04	-	3,427.96	-	-
Recycling:							
Other Expenses	250.00	250.00	250.00	-	-	-	-
Public Buildings & Grounds:							
Salaries and Wages	26,200.00	33,200.00	33,020.86	-	179.14	-	-
Other Expenses	58,950.00	67,150.00	50,281.14	3,717.91	13,150.95	-	-
Vehicle Maintenance:							
Other Expense	36,000.00	35,000.00	27,342.48	7,250.33	407.19	-	-
<b>HEALTH &amp; HUMAN SERVICES</b>							
Board of Health:							
Other Expenses	50.00	50.00	-	-	50.00	-	-
Dog Regulation:							
Salaries and Wages	250.00	250.00	-	-	250.00	-	-
Other Expenses	1,050.00	1,050.00	-	-	1,050.00	-	-
<b>PARKS &amp; RECREATION FUNCTIONS:</b>							
Parks & Playgrounds:							
Salaries and Wages	11,300.00	11,300.00	10,900.00	-	400.00	-	-
Other Expenses	21,871.00	21,871.00	10,402.80	1,407.00	10,061.20	-	-
Celebration of Public Events:							
Other Expenses	12,000.00	12,000.00	7,884.44	-	4,115.56	-	-
<b>UTILITY EXPENSES &amp; BULK PURCHASES:</b>							
Electricity	19,700.00	19,700.00	12,417.29	1,037.55	6,245.16	-	-
Street Lighting	25,000.00	25,000.00	19,509.90	2,023.35	3,466.75	-	-
Telephone	22,400.00	22,400.00	14,785.45	51.23	7,563.32	-	-
Gas	10,000.00	10,000.00	5,114.60	1,892.49	2,992.91	-	-
Fuel Oil	2,500.00	2,500.00	1,040.65	-	1,459.35	-	-
Gasoline	40,000.00	43,500.00	43,356.24	-	143.76	-	-

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
<b>OPERATIONS - WITHIN "CAPS"</b>						
Municipal Court:						
Salaries and Wages	116,930.00	116,930.00	107,553.88	-	9,376.12	-
Other Expenses	8,365.00	8,365.00	6,823.32	183.00	1,358.68	-
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS:</b>						
Landfill Tipping Fees						
Other Expenses	35,800.00	25,800.00	14,243.71	3,619.86	7,936.43	-
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):</b>						
State Uniform Construction Code:						
Construction Official:						
Salaries and Wages	86,255.00	87,755.00	87,669.84	-	85.16	-
Other Expenses	1,950.00	1,950.00	1,568.28	-	381.72	-
<b>Unclassified:</b>						
Reserve for Salary Increases	22,500.00	9,400.00	-	-	9,400.00	-
<b>Total Operations Within "CAPS</b>	<b>2,437,901.00</b>	<b>2,396,901.00</b>	<b>2,105,312.49</b>	<b>67,913.76</b>	<b>223,674.75</b>	<b>-</b>
Detail:						
Salaries and Wages	1,241,226.00	1,230,026.00	1,133,064.50	-	96,961.50	-
Other Expenses	1,196,675.00	1,166,875.00	972,247.99	67,913.76	126,713.25	-
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>						
<b>MUNICIPAL - WITHIN "CAPS"</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	50,644.00	50,644.00	50,644.00	-	-	-
Social Security System (O.A.S.I)	110,000.00	110,000.00	85,245.64	-	24,754.36	-
Police & Fireman's Retirement System	169,322.00	169,322.00	169,322.00	-	-	-
Unemployment Compensation Insurance	8,400.00	8,400.00	6,106.64	-	2,293.36	-
Defined Contribution Retirement Program	1,000.00	1,000.00	-	-	1,000.00	-
<b>Total Statutory Expenditures</b>	<b>339,366.00</b>	<b>339,366.00</b>	<b>311,318.28</b>	<b>-</b>	<b>28,047.72</b>	<b>-</b>
<b>Total General Appropriations Within "CAPS"</b>	<b>2,777,267.00</b>	<b>2,736,267.00</b>	<b>2,416,630.77</b>	<b>67,913.76</b>	<b>251,722.47</b>	<b>-</b>
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>						
Public Assistance	100.00	100.00	-	-	100.00	-
Recycling Tax Appropriations:						
Recycling Tax	3,750.00	3,750.00	1,360.16	391.92	1,997.92	-
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</b>						
Emergency Management Services:						
Other Expenses	70,000.00	99,000.00	84,410.00	-	14,590.00	-

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

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>							
<b>PUBLIC &amp; PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:</b>							
Clean Communities Program	15,255.93	15,255.93	15,255.93	-	-	-	-
Drunk Driving	1,339.35	1,339.35	1,339.35	-	-	-	-
State Share	16,200.00	16,200.00	16,200.00	-	-	-	-
Township Share	54,045.00	54,045.00	54,045.00	-	-	-	-
NJ DOT - Schoolhouse Road - Phase II	-	162,000.00	162,000.00	-	-	-	-
<b>Total Operations</b>	<b>160,690.28</b>	<b>351,690.28</b>	<b>334,610.44</b>	<b>391.92</b>	<b>16,687.92</b>	<b>-</b>	<b>-</b>
Total Operations Including Contingent	160,690.28	351,690.28	334,610.44	391.92	16,687.92	-	-
<b>Detail:</b>							
Salaries and Wages	69,300.93	85,500.93	85,500.93	-	-	-	-
Other Expenses	91,389.35	266,189.35	249,109.51	391.92	16,687.92	-	-
<b>Capital Improvements:</b>							
Capital Improvement Fund	275,000.00	287,000.00	287,000.00	-	-	-	-
<b>Total Capital Improvements</b>	<b>275,000.00</b>	<b>287,000.00</b>	<b>287,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Municipal Debt Service:</b>							
Payment of Bond Principal	250,000.00	250,000.00	250,000.00	-	-	-	-
Interest on Bonds	268,000.00	268,000.00	267,696.45	-	-	-	303.55

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - EXCLUDED FROM "CAPS"						
Total Municipal Debt Service	518,000.00	518,000.00	517,696.45	-	-	303.55
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>						
MUNICIPAL - EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 Years	2,560.00	2,560.00	2,560.00	-	-	-
Total Deferred Charges & Statutory Expenditures	2,560.00	2,560.00	2,560.00	-	-	-
Total General Appropriations for Municipal Services Excluded from "CAPS"	956,250.28	1,159,250.28	1,141,866.89	391.92	16,687.92	303.55
Subtotal General Appropriations Reserve for Uncollected Taxes	3,733,517.28	3,895,517.28	3,558,497.66	68,305.68	268,410.39	303.55
	228,482.72	228,482.72	228,482.72	-	-	-
Total General Appropriations	\$ 3,962,000.00	\$ 4,124,000.00	\$ 3,786,980.38	\$ 68,305.68	\$ 268,410.39	\$ 303.55

C.159 Amendments Original Budget	\$ 162,000.00
	<u>3,962,000.00</u>
Total	\$ <u>4,124,000.00</u>

Reserve for State & Federal Grants Appropriated	\$
Deferred Charges	248,840.28
Reserve for Uncollected Taxes	2,560.00
Cash Disbursed	228,482.72
	<u>3,307,097.38</u>
Total	\$ <u>3,786,980.38</u>

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



**TOWNSHIP OF NORTH HANOVER  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Animal Control Trust Fund:			
Cash	B-1	\$ 17,830.22	\$ 16,620.32
Total Animal Control Trust Fund		<u>17,830.22</u>	<u>16,620.32</u>
Other Funds:			
Cash - Treasurer	B-1	902,277.33	909,284.84
Cash - Collector	B-2	95,000.00	69,000.00
Due from Bank	B	4,432.63	4,432.63
Due from Municipal Court	B	7,579.00	7,579.00
Accounts Receivable - Outside Police	B-5	27,444.96	59,578.19
Due from Current Fund - Municipal Open Space	A	31,453.00	31,453.00
Total Other Funds		<u>1,068,186.92</u>	<u>1,081,327.66</u>
Total Assets		<u>\$ 1,086,017.14</u>	<u>\$ 1,097,947.98</u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-4	\$ 8,261.00	\$ 8,694.00
Due to Current Fund	A	9,564.22	7,921.32
Due to State	B	5.00	5.00
Total Animal Control Trust Fund		<u>17,830.22</u>	<u>16,620.32</u>
Other Funds:			
Reserve for Tax Premiums	B-2	95,000.00	69,000.00
Due to Current Fund	B-3,A	44,814.62	73,573.29
Due to State & Federal Grant Fund	A	6,541.00	6,541.00
Reserve for Municipal Open Space	B-6	495,063.56	494,599.80
Reserve for Escrow Deposits	B-6	152,513.27	185,280.22
Reserve for Affordable Housing	B-6	49,690.36	58,086.45
Reserve for Payroll Deductions	B-6	31,295.25	26,967.50
Reserve for Recreation	B-6	153,007.57	128,207.24
Reserve for County Fair	B-6	7,545.00	7,545.00
Reserve for Public Defender Fee	B-6	20,029.50	18,361.50
Reserve for Ambulance Fund Contributions	B-6	465.00	465.00
Reserve for Fire Prevention Fines	B-6	350.00	350.00
Reserve for Citizens' Contributions for Future Municipal Purposes	B-6	2,606.00	2,606.00
Reserve for Police	B-6	950.00	950.00
Reserve for Special Law Enforcement	B-6	6,582.79	7,061.66
Reserve for POAA	B-6	26.00	26.00
Reserve for Program Income - Municipal Alliance	B-6	682.00	682.00
Reserve for Unallocated Receipts	B-6	1,025.00	1,025.00
Total Other Funds		<u>1,068,186.92</u>	<u>1,081,327.66</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,086,017.14</u>	<u>\$ 1,097,947.98</u>

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

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Cash	C-1	\$ 858,474.70	\$ 742,321.19
Accounts Receivable	C-2	2,306.10	2,306.10
DOT Grant Receivable	C-2	18,811.23	18,811.23
Burlington County Parks Grant Receivable	C-8	22,658.00	22,658.00
Deferred Charges to Future Taxation - Funded	C-3	5,550,000.00	5,800,000.00
Due from Current Fund	A	30,000.00	30,000.00
Due from Federal & State Grant Fund	A	52,342.00	52,342.00
		<u>\$ 6,534,592.03</u>	<u>\$ 6,668,438.52</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-7	\$ 5,550,000.00	\$ 5,800,000.00
Capital Improvement Fund	C-5	561.00	26,561.00
Improvement Authorizations:			
Funded	C-4	788,485.63	814,597.09
Reserve for:			
Encumbrances Payable	C-2	172,017.40	3,752.43
Fire Equipment	C-2	370.00	370.00
Acquisition of Land	C-2	500.00	500.00
Burlington County Parks Grant Receivable	C	22,658.00	22,658.00
		<u>\$ 6,534,592.03</u>	<u>\$ 6,668,438.52</u>

There were bonds and notes authorized but not issued on December 31, 2021 of \$-0- and on December 31, 2020 of \$-0-.

**TOWNSHIP OF NORTH HANOVER  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENTS OF ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

ASSETS	2021	2020
Land & Land Improvements	\$ 1,319,100.00	\$ 1,319,100.00
Buildings	2,405,150.00	2,283,900.00
Vehicles	2,259,848.00	2,259,848.00
Machinery & Equipment	878,911.00	853,953.00
Total	\$ 6,863,009.00	\$ 6,716,801.00
FUND BALANCE		
Investment in General Fixed Assets	\$ 6,863,009.00	\$ 6,716,801.00

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

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**TOWNSHIP OF NORTH HANOVER  
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

The Township of North Hanover, County of Burlington, New Jersey (hereafter referred to as the "Township") is governed by the Township form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At the annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61, 80 and 90, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80 and 90.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.



**TOWNSHIP OF NORTH HANOVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Inventories and Supplies** - The cost 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 statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Foreclosed property** – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

**Deferred Charges** – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Revenues** – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township’s Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

**Property Tax Revenues** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Burlington, North Hanover Township School District, and Northern Burlington County Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the North Hanover Township School District Northern Burlington County Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**Reserve for Uncollected Taxes** – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township’s financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Township’s financial statements.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 2. Deposits and Investments (continued)**

New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2021, the Township's bank balance of \$5,397,833.63 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 4,617,097.63
Uninsured and Uncollateralized	780,736.00
	\$ 5,397,833.63

**Investments**

The Township had no investments as of December 31, 2021.

**Note 3. Property Taxes**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparison Schedule of Tax Rates**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	\$ 2.249	\$ 2.243	\$ 2.224
Apportionment of Tax Rate:			
Municipal	0.370	0.353	0.352
County General	0.354	0.359	0.342
County Library	0.032	0.032	0.032
County Open Space	0.021	0.021	0.031
Local School	0.739	0.725	0.716
Regional School	0.733	0.753	0.751

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2021	\$ 434,355,651.00
2020	434,656,090.00
2019	431,991,183.00

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 3. Property Taxes (continued)**

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2021	\$ 9,819,723.71	\$ 9,684,028.05	98.61%
2020	9,783,580.89	9,636,199.54	98.49%
2019	9,703,343.31	9,539,251.33	98.30%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2021	\$ 29,818.27	\$ 118,395.33	\$ 148,213.60	1.51%
2020	54,702.12	135,908.55	190,610.67	1.95%
2019	46,757.41	140,399.44	187,156.85	1.93%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2021	4
2020	4
2019	4

The last tax sale was held on October 27, 2021.

**Note 4. Property Acquired By Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2021	\$ 3,410.00
2020	3,410.00
2019	3,410.00

**Note 5. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 5. Fund Balances Appropriated (continued)**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2021	\$ 1,195,700.98	\$ 35,000.00	2.93%
2020	941,903.22	725,000.00	76.97%
2019	1,014,563.62	650,000.00	64.07%

**Note 6. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 7. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2021:

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year. Additionally, an interfund was created for the Statutory Excess in the Animal Control Trust Fund Reserve that is due over to Current Fund. Also, grant receipts for General Capital Fund ordinances were received by State and Federal Grant Fund and Current Fund.

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ 54,378.84	\$ 375,988.30
State and Federal Grant Fund	321,076.30	52,342.00
Animal Control Trust	-	9,564.22
Trust Other Fund	31,453.00	51,355.62
Capital Fund	82,342.00	-
	<u>\$ 489,250.14</u>	<u>\$ 489,250.14</u>

A summary of interfund transfers is as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ 203,704.98	\$ 3,374.56
State and Federal Grant Fund	-	171,571.75
Trust Other Fund	3,374.56	32,133.23
	<u>\$ 207,079.54</u>	<u>\$ 207,079.54</u>

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 7. Interfund Receivables, Payables and Transfers (continued)**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2021.

	Balance December 31, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2021</u>
Land	\$ 1,319,100.00	\$ -	\$ -	\$ 1,319,100.00
Buildings and Improvements	2,283,900.00	121,250.00	-	2,405,150.00
Vehicles	2,259,848.00	-	-	2,259,848.00
Machinery & Equipment	853,953.00	24,958.00	-	878,911.00
	<u>\$ 6,716,801.00</u>	<u>\$ 146,208.00</u>	<u>\$ -</u>	<u>\$ 6,863,009.00</u>

**Note 9. Pension Obligations**

**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 PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2020, the State's pension contribution was less than the actuarial 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 PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2020, the Township's contractually required contribution to PERS plan was \$50,644.00.

**Components of Net Pension Liability** - At December 31, 2020, the Township's proportionate share of the PERS net pension liability was \$754,944.00. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Township's proportion measured as of June 30, 2020, was 0.00463% was an increase of 0.00127% from its proportion measured as of June 30, 2019.



**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Balances at December 31, 2020 and December 31, 2019**

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 325,110.00	\$ 147,483.00
Deferred Inflows of Resources	511,644.00	526,457.00
Net Pension Liability	754,944.00	604,534.00
 Township 's portion of the Plan's total Net Pension Liability	 0.00463%	 0.00336%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2020, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is \$8,884.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$50,644.00 to the plan in 2020.

At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 13,746.00	\$ 2,670.00
Changes of Assumptions	24,491.00	316,102.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	25,805.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>261,068.00</u>	<u>192,872.00</u>
	<u>\$ 325,110.00</u>	<u>\$ 511,644.00</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

	<b>Deferred Outflow of <u>Resources</u></b>	<b>Deferred Inflow of <u>Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending</b>	<b>Amount</b>
<b><u>Dec 31.</u></b>	
2021	\$ (80,318.00)
2022	(109,263.00)
2023	(28,994.00)
2024	27,466.00
2025	<u>4,575.00</u>
	<u>\$ (186,534.00)</u>

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**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 net pension liability calculated using the discount rate as disclosed above, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
Township 's Proportionate Share of the Net Pension Liability	\$ 957,822.00	\$ 754,944.00	\$ 593,771.00

\*Note that the information presented above for the Public Employees' Retirement System is in accordance with Local Finance Notice 2022-12, which differs from the requirements of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

**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 PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if 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.

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

**Basis of Presentation** - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2020, the Township's contractually required contributions to PFRS plan was \$169,322.00.

**Net Pension Liability and Pension Expense** - At December 31, 2020 the Township's proportionate share of the PFRS net pension liability was \$1,958,397.00. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Township's proportion measured as of June 30, 2020, was 0.01516%, which was an increase of 0.002898% from its proportion measured as of June 30, 2019.

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

**Balances at December 31, 2020 and December 31, 2019**

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 699,823.00	\$ 301,802.00
Deferred Inflows of Resources	627,842.00	743,055.00
Net Pension Liability	1,958,397.00	1,500,144.00
Township 's portion of the Plan's total net pension Liability	0.01516%	0.01226%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2020, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2020 measurement date was \$114,884.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$169,322.00 to the plan in 2020.

At December 31, 2020, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 19,744.00	\$ 7,028.00
Changes of Assumptions	4,928.00	525,034.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	114,830.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>560,321.00</u>	<u>95,780.00</u>
	<u>\$ 699,823.00</u>	<u>\$ 627,842.00</u>

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	-	5.00
June 30, 2020	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90



**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

<b>Year Ending</b>	
<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>
2021	\$ (56,367.00)
2022	1,210.00
2023	(11,210.00)
2024	82,338.00
2025	<u>56,010.00</u>
	<u>\$ 71,981.00</u>

**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 non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Township is \$303,934.00 as of December 31, 2020. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The State’s proportion 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. The State’s proportion measured as of June 30, 2020 was 0.01516%, which was an increase of 0.002898% from its proportion measured as of June 30, 2019, which is the same proportion as the Township’s. At December 31, 2020, the Township’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

Township 's Proportionate Share of Net Pension Liability	\$ 1,958,397.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	303,934.00
	\$ 2,262,331.00

At December 31, 2020, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2020 measurement date was \$34,445.00.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 15.25% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2013 - June 30, 2018

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

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**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 net pension liability

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

calculated using the discount rate as disclosed above, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.0%)</u></b>
Township 's Proportionate Share of the Net Pension Liability	\$ 2,604,265.00	\$ 1,958,397.00	\$ 1,421,954.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	404,170.00	303,934.00	220,681.00
	<u>\$ 3,008,435.00</u>	<u>\$ 2,262,331.00</u>	<u>\$ 1,642,635.00</u>

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Township.

\*Note that the information presented above for the Police and Firemen's Retirement System is in accordance with Local Finance Notice 2022-12, which differs from the requirements of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

**Note 10. Municipal Debt**

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 5,550,000.00	\$ 5,800,000.00	\$ 6,045,000.00
Total Debt Issued	5,550,000.00	5,800,000.00	6,045,000.00
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	-	-	-
Total Authorized But Not Issued	-	-	-
<b>Total Gross Debt</b>	<u>\$ 5,550,000.00</u>	<u>\$ 5,800,000.00</u>	<u>\$ 6,045,000.00</u>
<b>Total Net Debt</b>	<u>\$ 5,550,000.00</u>	<u>\$ 5,800,000.00</u>	<u>\$ 6,045,000.00</u>

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Municipal Debt (continued)**

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ -	\$ -	\$ -
Regional School Debt	6,787,754.56	6,787,754.56	-
General Debt	5,550,000.00	-	5,550,000.00
	\$ 12,337,754.56	\$ 6,787,754.56	\$ 5,550,000.00

Net Debt \$5,550,000.00 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$450,149,041.00 equals 1.233%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2021 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 15,755,216.44
Net Debt	5,550,000.00
Remaining Borrowing Power	\$ 10,205,216.44

**General Debt**

**A. Serial Bonds Payable**

On August 1, 2018 the Township issued \$6,300,000.00 of General Obligation Bonds, 2018 Series. The General Obligation Bonds were issued at interest rates from 4.00% of 5.00% and mature on August 1, 2036.

Principal and interest due on the outstanding bonds are as follows:

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Municipal Debt (continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 260,000.00	\$ 255,200.00	\$ 515,200.00
2023	275,000.00	242,200.00	517,200.00
2024	290,000.00	228,450.00	518,450.00
2025	300,000.00	213,950.00	513,950.00
2026	315,000.00	198,950.00	513,950.00
2027-2031	1,825,000.00	749,300.00	2,574,300.00
2032-2036	2,285,000.00	285,400.00	2,570,400.00
	<u>\$ 5,550,000.00</u>	<u>\$ 2,173,450.00</u>	<u>\$ 7,723,450.00</u>

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Township is as follows:

	<u>December 31, 2020</u>	<u>Retired/ Decreases</u>	<u>December 31, 2021</u>	<u>Due Within One Year</u>
General Capital:				
General Bonds	\$ 5,800,000.00	\$ 250,000.00	\$ 5,550,000.00	\$ 260,000.00
	<u>\$ 5,800,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 5,550,000.00</u>	<u>\$ 260,000.00</u>

**Note 11. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2021</u>	<u>2020</u>
Total Balance of Local Tax	\$ 1,606,869.50	\$ 1,575,362.00
Deferred Taxes	<u>1,606,869.50</u>	<u>1,575,362.00</u>
Local Tax Payable	<u>\$ -</u>	<u>\$ -</u>

  

<u>Regional Tax</u>	<u>Balance, December 31,</u>	
	<u>2021</u>	<u>2020</u>
Total Balance of Regional Tax	\$ 1,574,552.74	\$ 1,615,734.95
Deferred Taxes	<u>1,574,552.74</u>	<u>1,615,734.95</u>
Regional Tax Payable	<u>\$ -</u>	<u>\$ -</u>

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 12. Accrued Sick, Vacation and Compensation Time**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township’s liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$35,250.16 at December 31, 2021.

**Note 13. 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.

**Joint Insurance Pool**

The Township is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Township with the following coverage

Worker’s Compensation	300,000.00
General Liability	300,000.00
Employer’s Liability	300,000.00
Auto Liability	300,000.00
Property Damage	125,000,000.00
Property/Boiler and Machinery	125,000,000.00
Auto Physical Damage	125,000,000.00
Employee Dishonesty Liability	1,000,000.00
Environmental Impairment Liability	1,000,000.00

Contributions to the Funds are payable in two installments and are based on actuarial assumptions determined by the Funds’ actuaries. The Fund publishes its own financial report for the year ended December 31, 2021 which can be obtained on the Fund’s website.

**New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Direct Method”. Under this plan, the Township is required to annually appropriate funds to pay the projected costs of contributions at a rate determined by the Commissioner of Labor. The amounts paid for the years ended December 31, 2021 and 2020 were \$6,106.64 and \$5,964.67, respectively.

**Note 14. Contingencies**

**Grantor Agencies**

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 14. Contingencies (continued)**

and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2021, the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is not currently a defendant in any legal proceedings.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2021.

**Note 15. Postemployment Benefits Other Than Pensions**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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



**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 15. Postemployment Benefits Other Than Pensions (continued)**

employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2020 were \$5,462,303,132.00 and \$12,484,309,814.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**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.

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 15. Postemployment Benefits Other Than Pensions (continued)**

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

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$3,372,644.00 as of December 31, 2020. The OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2020 was 0.0617439918%, which was an increase of 0.0114289988% from its proportion measured as of June 30, 2019, which is the same proportion as the Township's. At December 31, 2020, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 3,372,644.00

At December 31, 2020, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2020 measurement date was \$(167,891.00).

*\*Note that the information presented above is in accordance with Local Finance Notice 2022-12, which differs from the requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

**Note 16. Southern Reliability Link Project Settlement**

In July of 2019, the Township reached a settlement agreement with New Jersey Natural Gas Company regarding the construction of a natural gas pipeline known as the "Southern Reliability Link" project. As settlement, the New Jersey Natural Gas Company agrees to pay the Township of North Hanover the sum

**TOWNSHIP OF NORTH HANOVER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 16. Southern Reliability Link Project Settlement (continued)**

of \$2,023,680.00 in compensation for the foreseeable community impacts as a result of the project's construction activities, including the repair and repaving of municipal roads. To date, the Township has collected a total of \$1,748,680.00 and has a reserve balance of \$1,448,680.00 as of December 31, 2021. The Township is anticipating a total of \$930,000.00 of this reserve in the 2022 budget.

**Note 17. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2021 and July 13, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have been noted that would require disclosure.

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**SUPPLEMENTARY EXHIBITS**

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**CURRENT FUND**

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**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF CURRENT CASH  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	CURRENT
Balance December 31, 2020	\$ 2,344,729.48
Increased by Receipts:	
Tax Collector	\$ 9,865,516.32
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	35,250.00
Miscellaneous Revenue Not Anticipated	347,385.40
Due State - DCA Training Fees	5,119.00
Due to Trust Other	1,014,765.28
Reserve for JIF Safety Program	5,697.09
Reserve for Roads NJ Natural Gas Impact	861,840.00
Revenue Accounts Receivable	1,218,030.00
Unappropriated Grants	451,430.69
Federal & State Grants Receivable	226,159.85
	14,031,193.63
Total Receipts	16,375,923.11
Decreased by Disbursements:	
2021 Budget Appropriations	3,307,097.38
2020 Appropriation Reserves	87,840.15
Tax Overpayments - Refunds	7,450.66
County Taxes	1,759,798.33
County Share of Added & Omitted Taxes	6,289.88
Local District School Tax	3,182,272.50
Regional School Taxes	3,225,313.21
Reserve for JIF Safety Program	1,759.62
Due State - DCA Training Fees	5,126.00
Accounts Payable	1,882.00
Due to Trust Other	986,006.61
Reserve for Codification of Ordinances	1,195.00
Reserve for Federal & State Grant Funds - Appropriated	295,239.19
	12,867,270.53
Total Disbursements	12,867,270.53
Balance December 31, 2021	\$ 3,508,652.58

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF CASH AND RECONCILIATION  
PER N.J.S.40A:5-5--COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$	-
Increased by:			
Taxes Receivable	\$	9,709,201.14	
Tax Title Lien Receivable		28,059.44	
Interest & Costs on Taxes		47,523.29	
Prepaid Taxes		80,732.45	9,865,516.32
Subtotal			9,865,516.32
Decreased by Disbursements:			
Deposits Directly to Treasurer Bank Account			9,865,516.32
Balance December 31, 2021		\$	-

**SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

OFFICE		AMOUNT	
Tax Collector	\$	50.00	
Municipal Court		300.00	
Construction Official		50.00	
Township Clerk		150.00	
Total	\$	550.00	

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY  
CHAPTER 20, P.L. 1971  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$ (3,701.00)
Increased by:		
Senior Citizen & Veteran Deductions per Tax Billing	\$ 35,500.00	
Deductions Disallowed by Tax Collector - 2021 Taxes	(250.00)	
Deductions Disallowed by Tax Collector - Prior Year Taxes	(250.00)	
	<u>35,000.00</u>	
Subtotal		31,299.00
Decreased by:		
Collections		<u>35,250.00</u>
Balance December 31, 2021		<u><u>\$ (3,951.00)</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

YEAR	BALANCE DECEMBER 31, 2020	2021 LEVY	ADDED TAXES	COLLECTIONS 2020	2021	DUE FROM STATE OF NEW JERSEY	CANCELLED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31 2021
2020	\$ 135,908.55	-	-	\$ -	\$ 136,158.55	\$ (250.00)	\$ -	\$ -	\$ -
2021	-	9,769,634.45	50,089.26	83,772.67	9,565,005.38	35,250.00	14,124.74	3,175.59	118,395.33
Balance	\$ 135,908.55	\$ 9,769,634.45	\$ 50,089.26	\$ 83,772.67	\$ 9,701,163.93	\$ 35,000.00	\$ 14,124.74	\$ 3,175.59	\$ 118,395.33

Cash Receipts	\$ 9,709,201.14
Overpayments Created	<u>(8,037.21)</u>
	<u>\$ 9,701,163.93</u>

**ANALYSIS OF 2021 PROPERTY TAX LEVY**

<b>Tax Yield:</b>	
General Purpose Tax	\$ 9,769,634.45
Added & Omitted Taxes (54:4-63.1 et seq.)	<u>50,089.26</u>
Total	<u>\$ 9,819,723.71</u>

<b>Tax Levy:</b>	
Regional School Tax	\$ 3,184,131.00
Local District School Tax	3,213,780.00
County Taxes:	
County Tax	\$ 1,533,547.48
County Library Tax	136,260.61
Open Space	89,990.24
Due County:	
Added & Omitted Taxes (R.S. 54:4-63.1 et seq)	<u>9,114.68</u>
Total County Taxes	<u>1,768,913.01</u>

Local Tax for Municipal Purpose	<u>1,610,000.00</u>
Add: Additional Tax Levied	<u>42,899.70</u>

Local Tax for Municipal Purposes Levied	<u>1,652,899.70</u>
Total	<u>\$ 9,819,723.71</u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 54,702.12
Increased by:	
Transfer from Taxes Receivable	3,175.59
Subtotal	57,877.71
Decreased by:	
Liens Redeemed	28,059.44
Balance December 31, 2021	\$ 29,818.27

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	ACCRUED	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2021
Licenses:				
Alcoholic Beverages	\$ -	\$ 5,342.40	\$ 5,342.40	\$ -
Other	-	14,949.18	14,949.18	-
Fees & Permits	-	186,034.96	186,034.96	-
State of New Jersey:				
Energy Receipt Taxes	-	765,714.00	765,714.00	-
Cablevision Lease/Tower Rental	-	60,119.37	60,119.37	-
Interest on Investments	-	9,312.55	9,312.55	-
Construction Code Official:				
Fees & Permits	-	84,490.00	84,490.00	-
Municipal Court:				
Fines & Costs	7,566.66	90,939.21	92,067.54	6,438.33
Interest & Costs on Taxes	-	47,523.29	47,523.29	-
New Jersey Natural Gas Impact	-	300,000.00	300,000.00	-
<b>Total</b>	<b>\$ 7,566.66</b>	<b>\$ 1,564,424.96</b>	<b>\$ 1,565,553.29</b>	<b>\$ 6,438.33</b>
			Cash Receipts - CFO	\$ 1,218,030.00
			Cash Receipts - Tax Collector	47,523.29
			Reserve for NJ Natural Gas	300,000.00
			<b>Total</b>	<b>\$ 1,565,553.29</b>

**TOWNSHIP OF NORTH HANOVER**  
**CURRENT FUND**  
**SCHEDULE OF 2020 APPROPRIATION RESERVES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
<b>Salary &amp; Wages:</b>				
Police	\$ 65,896.40	\$ 65,896.40	\$ -	\$ 65,896.40
Mayor & TWP Committee	2,697.17	2,697.17	-	2,697.17
Municipal Clerk	392.18	392.18	-	392.18
Financial Administration	585.36	585.36	-	585.36
Collection of Taxes	329.66	329.66	-	329.66
Assessment of Taxes	52.52	52.52	-	52.52
Planning & Zoning Board	261.08	261.08	-	261.08
Emergency Management Service	176.40	176.40	176.40	-
Prosecutor	9.57	9.57	-	9.57
Waste Facility	66.22	66.22	-	66.22
Public Grounds	1,822.40	1,822.40	-	1,822.40
Dog Regulation	250.00	250.00	-	250.00
Parks and Playground	11,300.00	11,300.00	-	11,300.00
Municipal Court	7,073.00	7,073.00	300.00	6,773.00
Construction	333.10	333.10	-	333.10
<b>Other Expenses:</b>				
Mayor & TWP Committee	279.86	279.86	99.74	180.12
Municipal Clerk	2,581.80	2,581.80	1,170.80	1,411.00
Financial Administration	9,451.41	9,451.41	6,444.88	3,006.53
Collection of Taxes	3,190.70	3,190.70	-	3,190.70
Assessment of Taxes	561.51	561.51	-	561.51
Legal Other Expenses	503.50	503.50	500.00	3.50
Engineering Services & Costs	9,512.00	9,512.00	661.50	8,850.50
Planning & Zoning Board	3,931.65	3,931.65	-	3,931.65
Insurance	20,433.36	20,433.36	-	20,433.36
Police	25,785.12	25,785.12	24,466.01	1,319.11
Aid to Volunteer Fire Company	6,441.24	6,441.24	6,080.84	360.40
Prosecutor	5,791.60	5,791.60	2,166.68	3,624.92
Contractual	56,123.85	56,123.85	23,441.00	32,682.85
Waste Facility	7,679.46	7,679.46	5,911.35	1,768.11
Public Buildings & Grounds	487.96	487.96	430.98	56.98
Vehicle Maintenance	33.71	33.71	-	33.71
Board of Health	50.00	50.00	-	50.00
Dog Regulation	1,050.00	1,050.00	-	1,050.00
Parks and Playground	10,430.68	10,430.68	3,980.00	6,450.68
Celebration of Public Event	7,901.00	7,901.00	-	7,901.00
Electric	1,694.94	1,694.94	1,659.34	35.60
Street Lighting	1,845.27	1,845.27	1,840.91	4.36
Telephone	3,834.30	3,834.30	2,667.11	1,167.19
Gas	3,259.17	3,259.17	1,559.90	1,699.27
Gasoline	4,572.75	4,572.75	2,821.78	1,750.97
Fuel Oil	1,429.53	1,429.53	437.84	991.69
Landfill Tipping Fees	12.00	12.00	-	12.00
Recycling Tax	22.13	22.13	-	22.13
Municipal Court - North Hanover	3,170.90	3,170.90	1,023.09	2,147.81
Public Assistance	100.00	100.00	-	100.00
All Other Accounts - No Changes	23,594.17	23,594.17	-	23,594.17
<b>Total</b>	<b>\$ 307,000.63</b>	<b>\$ 307,000.63</b>	<b>\$ 87,840.15</b>	<b>\$ 219,160.48</b>
2020 Appropriation Reserves	\$ 246,640.82			
2020 Encumbrances	60,359.81			
<b>Total</b>	<b>\$ 307,000.63</b>			

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020 (2021 Taxes)	\$ 83,772.67
Increased by:	
Collection - 2022 Taxes	<u>80,732.45</u>
Subtotal	164,505.12
Decreased by:	
Applied to 2021 Taxes Receivable	<u>83,772.67</u>
Balance December 31, 2021 (2022 Taxes)	<u><u>\$ 80,732.45</u></u>

**SCHEDULE OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 3,516.85
Increased by:	
Overpayments Created	<u>8,037.21</u>
Decreased by:	
Cash Refunds	<u>7,450.66</u>
Balance December 31, 2021	<u><u>\$ 4,103.40</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$	230.74
Increased by:			
2021 Levy:			
County Tax	\$		1,533,547.48
County Library Tax			136,260.61
County Open Space Tax			89,990.24
			1,759,798.33
Subtotal			1,760,029.07
Decreased by:			
Payments			1,759,798.33
Balance December 31, 2021		\$	230.74

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$	6,289.88
Increase by County Share of 2021 Levy:			
Added (R.S. 54:4-63.1 et seq.)			9,114.68
Subtotal			15,404.56
Decreased by:			
Payments:			
Added Taxes			6,289.88
Balance December 31, 2021		\$	9,114.68



**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	
School Tax Deferred	\$ 1,575,362.00
Increased by Local District School's Share of 2021 Levy:	
Levy - School Year July 1, 2021 to June 30, 2022	<u>3,213,780.00</u>
Subtotal	4,789,142.00
Decreased by Payments:	
Payments	<u>3,182,272.50</u>
Balance December 31, 2021	
School Tax Deferred	<u>1,606,869.50</u>
Total	<u><u>\$ 1,606,869.50</u></u>
2021 Liability for Local District School Tax:	
Tax Paid	<u>\$ 3,182,272.50</u>
Amount Charged to 2021 Operations	<u><u>\$ 3,182,272.50</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	
School Tax Deferred	\$ 1,615,734.95
Increased by Regional School's Share of 2021 Levy:	
Levy - School Year July 1, 2021 to June 30, 2022	<u>3,184,131.00</u>
Subtotal	4,799,865.95
Decreased by Payments:	
Payments	<u>3,225,313.21</u>
Balance December 31, 2021	
School Tax Deferred	<u>1,574,552.74</u>
Total	<u><u>\$ 1,574,552.74</u></u>
2021 Liability for Regional School Tax:	
Tax Paid	<u>\$ 3,225,313.21</u>
Amount Charged to 2021 Operations	<u><u>\$ 3,225,313.21</u></u>

**TOWNSHIP OF NORTH HANOVER  
CURRENT FUND  
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2021 and 2020

\$ 3,410.00

**SCHEDULE OF DUE TRUST OTHER FUND FOR RESERVE FOR OPEN SPACE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2021 and 2020

\$ 31,453.00

**FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

PROGRAM	BALANCE DECEMBER 31, 2020	2021 REVENUE REALIZED	RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2021
Federal Grants:					
Body Armor Replacement Fund	\$ 6,591.00	\$ -	\$ -	\$ -	\$ 6,591.00
Total	<u>6,591.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,591.00</u>
State Grants:					
Transportation Trust Fund					
Discretionary Aid Program	2,419.00	-	-	2,419.00	-
DOT Grant	48,457.00	-	-	48,457.00	-
DOT Grant - Stewart Road	17,451.00	-	-	-	17,451.00
DOT Grant - Schoolhouse Road	109,890.25	-	-	-	109,890.25
DOT Grant - Schoolhouse Road - Phase II	240,000.00	-	121,959.85	-	118,040.15
DOT Grant - Schoolhouse Road - Phase III	-	162,000.00	-	-	162,000.00
NJ DOT- Springfield Road-2019	18,497.50	-	-	-	18,497.50
Body Armor Replacement Grant Fund - State	-	1,339.35	1,339.35	-	-
Stop Violence Against Women	777.00	-	-	777.00	-
Safe & Secure Communities	27,500.00	16,200.00	27,500.00	-	16,200.00
Smart Growth Planning Grant	15,000.00	-	-	15,000.00	-
Municipal Alliance on Alcoholism & Drug Abuse	2,760.00	-	-	-	2,760.00
DVRPC Zoning Implementation Grant	48,000.00	-	-	48,000.00	-
Project Graduation	238.00	-	-	238.00	-
"55 Alive" DEDR Program	500.00	-	-	500.00	-
NJ Economic Development:					
Program - Hazardous Discharge	500.00	-	-	500.00	-
SLAHEOP Grant	2,406.00	-	-	2,406.00	-
Stormwater Regulation Program	3,750.00	-	-	3,750.00	-
State Agriculture Development Committee					
(SADC) Planning Assistance Grant	20,000.00	-	-	20,000.00	-
Burlington County Recreation Trust Grant	100,000.00	-	76,700.00	-	23,300.00
Polling Place Grant	3,842.00	-	-	3,842.00	-
Clean Communities Grant	-	15,255.93	15,255.93	-	-
NJ DOT - Jacobstown/Ameystown Rd - Phase II	42,599.00	-	-	-	42,599.00
Total State Grants	<u>704,586.75</u>	<u>194,795.28</u>	<u>242,755.13</u>	<u>145,889.00</u>	<u>510,737.90</u>
Other Grants:					
Burlington County Parks Grant - Phase II	100.00	-	-	-	100.00
Total Other Grants	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100.00</u>
Total	<u>\$ 711,277.75</u>	<u>\$ 194,795.28</u>	<u>\$ 242,755.13</u>	<u>\$ 145,889.00</u>	<u>\$ 517,428.90</u>

Cash Receipts	\$ 226,159.85
Transferred from Unappropriated	<u>16,595.28</u>
Total	<u>\$ 242,755.13</u>

**TOWNSHIP OF NORTH HANOVER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL AND STATE GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

PROGRAM	BALANCE DECEMBER 31, 2020	2021 BUDGET REVENUE REALIZED	RECEIVED	BALANCE DECEMBER 31, 2021
Federal Grants:				
COPS Universal Program	\$ 2.00	\$ -	\$ -	\$ 2.00
Body Armor Replacement Program	2.00	-	-	2.00
Federal ARP Funds	-	-	390,937.05	390,937.05
<b>Total</b>	<b>4.00</b>	<b>-</b>	<b>390,937.05</b>	<b>390,941.05</b>
State Grants:				
Body Worn Camera Grant	-	-	30,570.00	30,570.00
Body Armor Replacement Grant	-	-	1,113.83	1,113.83
Clean Communities Grant	15,255.93	15,255.93	16,239.21	16,239.21
Drunk Driving Enforcement Fund	1,339.35	1,339.35	-	-
Supplemental Fire Services	112.56	-	-	112.56
Recycling Tonnage Grant	-	-	12,570.60	12,570.60
<b>Total State Grants</b>	<b>16,707.84</b>	<b>16,595.28</b>	<b>60,493.64</b>	<b>60,606.20</b>
<b>Total All Grants</b>	<b>\$ 16,711.84</b>	<b>\$ 16,595.28</b>	<b>\$ 451,430.69</b>	<b>\$ 451,547.25</b>

**TOWNSHIP OF NORTH HANOVER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

PROGRAM	TRANSFERRED					BALANCE DECEMBER 31, 2021
	BALANCE DECEMBER 31, 2020	FROM 2021 BUDGET APPROPRIATION	PRIOR YEAR ENCUMBRANCES	PAID OR CHARGED	CURRENT YEAR ENCUMBRANCES	
<b>Federal Grants:</b>						
COPS Universal Program	\$ 458.79	\$ -	\$ -	\$ -	\$ -	\$ 458.79
Small Cities Block Grant	27.00	-	-	-	-	27.00
Body Armor Replacement Program	554.50	-	-	-	-	554.50
<b>Total Federal Grants</b>	<b>1,040.29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>485.79</b>
<b>State Grants:</b>						
DOT Grant	64,217.00	-	-	-	-	64,217.00
Transportation Trust Fund - Stewart Road	6,676.03	-	-	-	-	6,676.03
State Agriculture Development Committee (SADC) Planning Assistance Grant-TDR	928.85	-	-	-	-	928.85
Municipal Alliance on Alcoholism & Drug Abuse	3,750.00	-	-	-	-	990.00
NJ Economic Development Authority Municipal Grant Program	6,510.00	-	-	-	-	6,510.00
Buckle Up New Jersey Grant	1,932.00	-	-	-	-	1,932.00
Special Legislative Grant - Purchase of Emergency Generators	916.00	-	-	-	-	916.00
Recycling Tonnage Grant	20,170.47	-	-	7,438.32	-	-
SLAHEOP Grant	302.21	-	-	-	-	302.21
Drunk Driving Enforcement Fund	10,679.67	1,339.35	-	-	-	12,019.02
Smart Growth Grant	15,000.00	-	-	-	-	15,000.00
Safe & Secure Communities Program	8,659.72	16,200.00	-	18,144.28	-	-
Polling Place Grant	3,841.45	-	-	-	-	3,841.45
Clean Communities Grant	68,471.66	15,255.93	5,964.64	11,245.52	3,000.00	75,446.71
NJ DOT - Jacobstown/Ameystown Rd - Phase II	10,916.33	-	-	-	-	10,916.33
NJ DOT - School House Road	8,845.84	-	-	-	-	8,845.84
NJ DOT - School House Road Phase II	227,592.01	-	9,723.99	193,488.35	225.00	43,602.65
NJ DOT - School House Road Phase III	-	162,000.00	-	15,580.00	1,112.28	145,307.72
<b>Total State Grants</b>	<b>459,409.24</b>	<b>194,795.28</b>	<b>15,688.63</b>	<b>245,896.47</b>	<b>4,337.28</b>	<b>94,637.51</b>
<b>Municipal Share/ Local:</b>						
Safe & Secure Communities Program	-	54,045.00	-	49,342.72	-	4,702.28
Aid to Volunteer Fire Company: Jacobstown Volunteer Fire Company	555.00	-	-	-	-	555.00
Municipal Alliance on Alcoholism & Drug Abuse	500.00	-	-	-	-	500.00
<b>Total Local Grants</b>	<b>1,055.00</b>	<b>54,045.00</b>	<b>-</b>	<b>49,342.72</b>	<b>-</b>	<b>1,055.00</b>
<b>Total All Grants</b>	<b>\$ 461,504.53</b>	<b>\$ 248,840.28</b>	<b>\$ 15,688.63</b>	<b>\$ 295,239.19</b>	<b>\$ 4,337.28</b>	<b>\$ 96,178.30</b>
						<b>\$ 330,278.67</b>

**TRUST FUND**

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**TOWNSHIP OF NORTH HANOVER  
TRUST FUND  
STATEMENT OF TRUST CASH  
PER N.J.S.40A:5-5-TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	ANIMAL CONTROL TRUST FUND	TRUST OTHER FUNDS	COLLECTOR TRUST FUNDS
Balance December 31, 2020	\$ 16,620.32	\$ 909,284.84	\$ 69,000
Increased by Receipts:			
Reserve for Dog Fund Expenditures	\$ 3,986.20	\$ -	\$ -
Due State of New Jersey - Dog License Fees	592.80	-	-
Accounts Receivable - Outside Police	-	32,133.23	-
Reserve for Escrow Deposits	-	31,874.47	-
Reserve for Payroll	-	2,148,611.19	-
Reserve for Recreation	-	47,447.50	-
Reserve for Public Defender Fee	-	1,668.00	-
Reserve for Tax Premiums	-	-	38,268.38
Reserve for Tax Title Liens	-	-	2,971.48
Reserve for Municipal Open Space	-	463.76	-
Reserve for Special Law Enforcement	-	271.13	-
Due to Current Fund	19.37	-	-
Due to Current Fund - Outside Police	-	982,632.05	-
Due to Current Fund - Interfunds Advanced	-	3,374.56	-
Total Receipts	<u>4,598.37</u>	<u>3,248,475.89</u>	<u>41,239.86</u>
Subtotal	<u>21,218.69</u>	<u>4,157,760.73</u>	<u>110,239.86</u>
Decreased by Disbursements:			
Reserve for Dog Fund Expenditures	2,776.30	-	-
Due State of New Jersey - Dog License Fees	592.80	-	-
Due to Current Fund	19.37	-	-
Due to Current Fund - Outside Police	-	982,632.05	-
Due to Current Fund - Returned Interfund	-	32,133.23	-
Reserve for Escrow Deposits	-	64,641.42	-
Reserve for Affordable Housing	-	8,396.09	-
Reserve for Payroll	-	2,144,283.44	-
Reserve for Recreation	-	22,647.17	-
Reserve for Special Law Enforcement	-	750.00	-
Reserve for Tax Premiums	-	-	12,268.38
Reserve for Tax Title Liens	-	-	2,971.48
Total Disbursements	<u>3,388.47</u>	<u>3,255,483.40</u>	<u>15,239.86</u>
Balance December 31, 2021	<u>\$ 17,830.22</u>	<u>\$ 902,277.33</u>	<u>\$ 95,000.00</u>

**TOWNSHIP OF NORTH HANOVER  
TRUST OTHER FUNDS  
SCHEDULE OF CURRENT CASH  
PER N.J.S. 40A:5-5--COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$ 69,000.00
Increased by:		
Interest	\$ 68.38	
Reserve for Tax Premium Redemption	38,200.00	
Reserve for Tax Title Lien Redemption	2,971.48	
	41,239.86	
Subtotal		110,239.86
Decreased by:		
Refund Lien Redemption	2,971.48	
Refund Premium	12,200.00	
Interest to Current	68.38	
	15,239.86	
Balance December 31, 2021		\$ 95,000.00
	Tax Premiums	\$ 95,000.00
	Tax Title Liens	-
		\$ 95,000.00

**TRUST OTHER FUND  
SCHEDULE OF DUE TO CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$ 73,573.29
Increase by:		
Receipts		1,014,705.22
Subtotal		1,088,278.51
Decreased by:		
Disbursements		1,043,463.89
Balance December 31, 2021		\$ 44,814.62

**TOWNSHIP OF NORTH HANOVER  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$	8,694.00
Increased by:			
Collections:			
Dog License Fees Collected by Clerk	\$	3,986.20	
Due to State of New Jersey		592.80	
			4,579.00
Subtotal			13,273.00
Decreased by:			
Expenditures Under R.S.4:19-15.11- Cash		2,776.30	
Due to State of New Jersey		592.80	
Statutory Excess Due to Current Fund		1,642.90	
			5,012.00
Balance December 31, 2021		\$	8,261.00

**LICENSE FEES COLLECTED**

YEAR	AMOUNT
2020	\$ 3,867.00
2019	4,394.00
Total	\$ 8,261.00

**TOWNSHIP OF NORTH HANOVER  
TRUST FUND - OTHER  
SCHEDULE OF ACCOUNTS RECEIVABLE - OUTSIDE POLICE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$	59,578.19
Increased by:			
Disbursements - Due to Current Fund			<u>982,632.05</u>
Subtotal			1,042,210.24
Decreased by:			
Cash Receipts - Due to Current Fund	\$	982,632.05	
Cash Receipts		<u>32,133.23</u>	
			<u>1,014,765.28</u>
Balance December 31, 2021		\$	<u><u>27,444.96</u></u>

**TOWNSHIP OF NORTH HANOVER  
TRUST FUND - OTHER  
SCHEDULE OF MISCELLANEOUS TRUST RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	INCREASED BY RECEIPTS	DECREASED BY DISBURSEMENTS	BALANCE DECEMBER 31, 2021
Planning Board Escrow	\$ 185,280.22	\$ 31,874.47	\$ 64,641.42	\$ 152,513.27
Affordable Housing	58,086.45	-	8,396.09	49,690.36
Payroll	26,967.50	2,148,611.19	2,144,283.44	31,295.25
Recreation	128,207.24	47,447.50	22,647.17	153,007.57
County Fair	7,545.00	-	-	7,545.00
Ambulance Contributions	465.00	-	-	465.00
Fire Prevention Fines	350.00	-	-	350.00
Public Defender Fees	18,361.50	1,668.00	-	20,029.50
Citizen Contributions	2,606.00	-	-	2,606.00
Municipal Open Space	494,599.80	463.76	-	495,063.56
Police Contributions	950.00	-	-	950.00
Special Law Enforcement	7,061.66	271.13	750.00	6,582.79
POAA	26.00	-	-	26.00
Municipal Alliance	682.00	-	-	682.00
Unallocated Receipts	1,025.00	-	-	1,025.00
<b>Total</b>	<b>\$ 932,213.37</b>	<b>\$ 2,230,336.05</b>	<b>\$ 2,240,718.12</b>	<b>\$ 921,831.30</b>

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**GENERAL CAPITAL FUND**

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**TOWNSHIP OF NORTH HANOVER  
 GENERAL CAPITAL FUND  
 SCHEDULE OF GENERAL CAPITAL CASH AND RECONCILIATION  
 PER N.J.S.40A:5-5-TREASURER  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$	742,321.19
Increased by Receipts:		
Budget Appropriation:		
Capital Improvement Fund		287,000.00
Subtotal		1,029,321.19
Decreased by Disbursements:		
Improvement Authorizations		170,846.49
Balance December 31, 2021	\$	858,474.70

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL CASH  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	RECEIPTS		DISBURSEMENTS		TRANSFERS		BALANCE DECEMBER 31, 2021
		MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	FROM	TO			
Capital Improvement Fund	\$ 26,561.00	\$ 287,000.00	\$ -	\$ 313,000.00	\$ -	\$ -	\$ 561.00	
Reserve for Acquisition of Land	500.00	-	-	-	-	-	500.00	
Reserve for Fire Equipment	370.00	-	-	-	-	-	370.00	
Due Current Fund	(30,000.00)	-	-	-	-	-	(30,000.00)	
Due Federal & State Grant Fund	(52,342.00)	-	-	-	-	-	(52,342.00)	
DOT Grant Receivable	(18,811.23)	-	-	-	-	-	(18,811.23)	
Reserve for Encumbrance	3,752.43	-	-	3,752.43	172,017.40	-	172,017.40	
Accounts Receivable	(2,306.10)	-	-	-	-	-	(2,306.10)	
<b>ORDINANCE</b>								
<b>NUMBER</b>								
1997-16	Feasibility Study for Improvement to Municipal Building and Replacement of Heating System	1,862.00	-	-	-	-	1,862.00	
2003-08	Acquisition of Farms for Farmland Preservation	13,890.00	-	-	-	-	13,890.00	
2006-06	Acquisition of Farms for Farmland Preservation & Various Capital Improvements	4,106.00	-	-	-	-	4,106.00	
2006-10	Purchase of Validator/Postage Machine	3,200.00	-	-	-	-	3,200.00	
2009-21	Acquisition & Installation of Solar Panels	16,343.68	-	-	-	-	16,343.68	
2009-22	Reconstruction of Schoolhouse Road Phase II	7,938.00	-	-	-	-	7,938.00	
2011-05	Acquisition of Certain Real Property	1,566.93	-	-	-	-	1,566.93	
2012-01	Acquisition of a Fire Vehicle & Installation of Equipment	1,365.11	-	-	-	-	1,365.11	
2012-06	Acquisition & Installation of a Trash Compactor	540.08	-	-	-	-	540.08	
2012-08	Resurfacing of Jacobstown-Arnytown Roads	13,152.88	-	-	-	-	13,152.88	
2013-05	Acquisition of a Tanker Truck	689.31	-	-	-	-	689.31	
2015-04	Township Road Improvement Program	401,902.47	-	-	-	-	401,902.47	
2016-07	Road Improvement Program & Various Other Purposes	156,916.53	-	-	-	-	156,916.53	
2016-09	Municipal Park Improvements	918.70	-	-	-	-	918.70	
2017-04	Various Improvements or Purposes	246.19	-	-	-	-	246.19	
2017-06	Road Improvements - DOT	5,332.10	-	-	-	-	5,332.10	
2018-01	Acquisition of a Fire Truck	20,347.86	-	-	-	-	20,347.86	
2020-07	Various Improvements or Purposes	164,279.25	-	113,728.13	900.00	3,752.43	53,403.55	
2021-03	Various Improvements or Purposes	-	-	57,118.36	133,150.00	275,000.00	84,731.64	
2021-08	Purchase of a E450 Vehicle	-	-	37,967.40	38,000.00	-	32.60	
<b>Total</b>		\$ 742,321.19	\$ 287,000.00	\$ 170,846.49	\$ 488,769.83	\$ 488,769.83	\$ 858,474.70	

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 5,800,000.00
Decreased by:	
2021 Budget Appropriation to Pay Debt:	
General Serial Bonds	<u>250,000.00</u>
Balance December 31, 2021	<u><u>\$ 5,550,000.00</u></u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

IMPROVEMENT DESCRIPTION	NUMBER	ORDINANCE DATE	AMOUNT	BALANCE		2021 AUTHORIZATIONS		BALANCE	
				DECEMBER 31, 2020		RESERVES OR		DECEMBER 31, 2021	
				FUNDED	UNFUNDED	CAPITAL IMPROVEMENT FUND	TRANSFER FROM ENCUMBRANCES	FUNDED	UNFUNDED
General Improvements:									
Feasibility Study for Improvement to Municipal & Replacement of Heating System	1997-16	08/28/1997	\$ 35,000.00	\$ 1,862.00	\$ -	\$ -	\$ -	\$ 1,862.00	\$ -
Acquisition of Farms for Farmland Preservation	2003-08	11/13/2003	320,000.00	13,890.00	-	-	-	13,890.00	-
Acquisition of Farms for Farmland Preservation & Various Capital Improvements	2006-06	05/28/2006	445,600.00	4,106.00	-	-	-	4,106.00	-
Purchase of Validator/Postage Machine	2006-10	08/24/2006	3,200.00	3,200.00	-	-	-	3,200.00	-
Acquisition & Installation of Solar Panels	2009-21	12/17/2009	200,000.00	16,343.68	-	-	-	16,343.68	-
Reconstruction of Schoolhouse Road Phase III	2009-22	12/17/2009	17,000.00	7,938.00	-	-	-	7,938.00	-
Acquisition of Certain Real Property	2011-05	11/15/2011	285,000.00	1,566.93	-	-	-	1,566.93	-
Acquisition of a Fire Vehicle & Installation of Equipment	2012-01	03/01/2012	75,000.00	1,365.11	-	-	-	1,365.11	-
Acquisition & Installation of a Trash Compactor	2012-06	07/16/2012	20,000.00	540.08	-	-	-	540.08	-
Resurfacing of Jacobstown-Armytown Roads	2012-08	12/06/2012	210,000.00	13,152.88	-	-	-	13,152.88	-
Acquisition of Fire Tanker Truck	2013-05	07/18/2013	287,500.00	689.31	-	-	-	689.31	-
Townshipwide Road Improvement Program	2015-04	07/02/2015	3,500,000.00	401,902.47	-	-	-	401,902.47	-
Road Improvement Program & Various Other Purposes	2016-07	05/05/2016	2,660,000.00	156,916.53	-	-	-	156,916.53	-
Municipal Park Improvements	2016-09	08/18/2016	120,000.00	918.70	-	-	-	918.70	-
Various Improvements or Purposes	2017-04	05/18/2017	156,000.00	246.19	-	-	-	246.19	-
Road Improvements - DOT	2017-06	05/18/2017	450,000.00	5,332.10	-	-	-	5,332.10	-
Purchase of Fire Truck	2018-01	02/15/2018	475,000.00	20,347.86	-	-	-	20,347.86	-
Various Improvements or Purposes	2020-07	06/18/2020	275,000.00	164,279.25	-	-	3,752.43	114,628.13	-
Various Improvements or Purposes	2021-03	5/20/2021	275,000.00	-	-	-	-	190,268.36	-
Purchase of a E450 Vehicle	2021-08	10/7/2021	38,000.00	-	-	-	-	37,967.40	-
<b>Total</b>			<b>\$ 814,597.09</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,752.43</b>	<b>\$ 342,863.89</b>	<b>\$ 788,485.63</b>	<b>\$ -</b>

Encumbered	\$ 172,017.40
Cash Disbursements	170,846.49
	<u>\$ 342,863.89</u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 26,561.00
Increased by:	
Capital Improvement Fund - Current Fund Budget	<u>287,000.00</u>
Subtotal	313,561.00
Decreased by:	
Improvement Authorization Funded	<u>313,000.00</u>
Balance December 31, 2021	<u><u>\$ 561.00</u></u>

**RESERVE FOR FIRE EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2021 and 2020	<u><u>\$ 370.00</u></u>
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**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2020	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2021
			DATE	AMOUNT				
BCBC Pooled Loan Revenue Bonds Series 2018	8/1/2018	\$ 6,300,000.00	8/1/22	\$ 260,000.00	5.00%			
			8/1/23	275,000.00	5.00%			
			8/1/24	290,000.00	5.00%			
			8/1/25	300,000.00	5.00%			
			8/1/26	315,000.00	5.00%			
			8/1/27	330,000.00	5.00%			
			8/1/28	350,000.00	5.00%			
			8/1/29	365,000.00	4.00%			
			8/1/30	380,000.00	5.00%			
			8/1/31	400,000.00	5.00%			
			8/1/32	420,000.00	5.00%			
			8/1/33	440,000.00	4.00%			
			8/1/34	460,000.00	4.00%			
			8/1/35	475,000.00	4.00%			
			8/1/36	490,000.00	4.00%			
	Total						\$ 5,800,000.00	\$ 250,000.00
						<u>\$ 5,800,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 5,550,000.00</u>

**TOWNSHIP OF NORTH HANOVER  
GENERAL CAPITAL FUND  
STATEMENT OF BURLINGTON COUNTY PARKS GRANT RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2021 and 2020

\$ 22,658.00

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**FIXED ASSETS**

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**TOWNSHIP OF NORTH HANOVER  
GENERAL FIXED ASSETS GROUP OF ACCOUNTS  
STATEMENT OF GENERAL FIXED ASSET GROUP OF ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2021
General Fixed Assets:				
Land & Land Improvements	\$ 1,319,100.00	\$ -	\$ -	\$ 1,319,100.00
Buildings	2,283,900.00	121,250.00	-	2,405,150.00
Vehicles	2,259,848.00	-	-	2,259,848.00
Machinery & Equipment	853,953.00	24,958.00	-	878,911.00
	<hr/>			
Total General Fixed Assets	\$ 6,716,801.00	\$ 146,208.00	\$ -	\$ 6,863,009.00
	<hr/> <hr/>			
 Total Investments in General Fixed Assets	 \$ 6,716,801.00	 \$ 146,208.00	 \$ -	 \$ 6,863,009.00
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**TOWNSHIP OF NORTH HANOVER**

**PART II**

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -  
GOVERNMENT AUDITING STANDARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**TOWNSHIP OF NORTH HANOVER**  
**SCHEDULE OF FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

**TOWNSHIP OF NORTH HANOVER  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

**Financial Statement Findings**

No Financial Statement Findings in prior year.

**FEDERAL AWARDS**

N/A – No Federal Single Audit in prior year.

**STATE FINANCIAL ASSISTANCE**

N/A – No State Single Audit in prior year.



**TOWNSHIP OF NORTH HANOVER**

**PART III**

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2021:

<b><u>Name</u></b>	<b><u>Title</u></b>
Christopher Doyle	Mayor
Ronald DeBaecke	Deputy Mayor
David Forsyth	Committeeperson
Brendan O'Donnell	Committeeperson
John Kocubinski	Committeeperson
John A. Bruno, Jr.	Chief Financial Officer
Joseph Greene	Treasurer
Maryalice Picariello	Tax Collector, Municipal Clerk
Louis Korngut	Municipal Judge
Rita Williams	Court Administrator
Robert Duff	Officer in Charge
Donald Kosul	Tax Assessor

All listed employees are covered by a Blanket Bond of \$1,000,000 of which \$50,000 is provided as part of the Burlington County Municipal Joint Insurance Fund and \$950,000 through the Municipal Excess Liability Joint Insurance Fund.

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**HOLT MCNALLY & ASSOCIATES**

Certified Public Accountants & Advisors

Honorable Mayor and Members  
of the Township Committee  
Township of North Hanover  
County of Burlington  
North Hanover, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2021.

**GENERAL COMMENTS:**

**Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)**

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500 for the year ended December 31, 2021.

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

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.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

618 Stokes Road, Medford, NJ 08055

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## **Collection of Interest on Delinquent Taxes and Assessments**

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 7<sup>th</sup>, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes:

*“NOW THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of North Hanover Township, County of Burlington, State of New Jersey, as follows:*

- 1. Designated Municipal Officials are hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes, assessments or other charges/fees becoming delinquent after the due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after the due date, and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, an additional penalty of 6% shall be charged against the delinquency.*
- 2. Effective January 1, 2021, there will be a ten (10) day grace period of quarterly tax payments made by cash, check, or money order.*
- 3. Any payments not made in accordance with paragraph two (2) of this resolution shall be charged interest from the due date as set forth in paragraph one (1) of this resolution.”*

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

### **OTHER COMMENTS (FINDINGS):**

None.

### **RECOMMENDATIONS:**

None.

**Appreciation**

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Michael Holt  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #473

Medford, New Jersey  
July 13, 2022

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