

TOWNSHIP OF LIBERTY

COUNTY OF WARREN

REPORT OF AUDIT

2023

NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF LIBERTY

COUNTY OF WARREN

REPORT OF AUDIT

2023

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TOWNSHIP OF LIBERTY

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2023

Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township of Liberty
Great Meadows, New Jersey

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinions on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

April 29, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

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

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
CURRENT FUND

TOWNSHIP OF LIBERTY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,047,612.18	\$ 2,688,200.73
Petty Cash Fund		200.00	200.00
Change Fund		50.00	50.00
		<u>3,047,862.18</u>	<u>2,688,450.73</u>
Due From State of New Jersey			
Senior Citizen and Veterans Deductions		1,323.37	1,073.37
		<u>3,049,185.55</u>	<u>2,689,524.10</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	108,432.83	176,272.62
Tax Title Liens Receivable	A-8	296,607.82	452,159.15
Property Acquired for Taxes at Assessed Valuation		108,200.00	108,200.00
Year-End Tax Penalty Receivable		2,031.65	4,939.71
		<u>515,272.30</u>	<u>741,571.48</u>
Total Receivables and Other Assets			
		<u>515,272.30</u>	<u>741,571.48</u>
Total Regular Fund		<u>3,564,457.85</u>	<u>3,431,095.58</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	42,249.57	298,473.93
Federal and State Grants Receivable	A-13	181,041.74	223,100.67
		<u>223,291.31</u>	<u>521,574.60</u>
Total Federal and State Grant Fund		<u>223,291.31</u>	<u>521,574.60</u>
<u>TOTAL ASSETS</u>		<u>\$ 3,787,749.16</u>	<u>\$ 3,952,670.18</u>

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

	Ref.	December 31,	
		2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 45,862.32	\$ 26,857.78
Unencumbered	A-3;A-11	202,991.69	194,484.25
		<u>248,854.01</u>	<u>221,342.03</u>
Prepaid Taxes		84,583.70	79,063.19
Regional School District Tax Payable	A-12	1,341,590.30	1,303,195.30
Payroll Deductions Payable		14,978.35	14,667.45
Reserve for Municipal Relief Fund Aid		19,672.83	9,838.26
Reserve for Garden State Preservation		7,953.00	
Reserve for Energy Receipts		1,303.68	
Due to State of New Jersey:			
Marriage License Fees		25.00	
		<u>1,718,960.87</u>	<u>1,628,106.23</u>
Reserve for Receivables and Other Assets	A	515,272.30	741,571.48
Fund Balance	A-1	1,330,224.68	1,061,417.87
		<u>3,564,457.85</u>	<u>3,431,095.58</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-14	220,622.83	519,978.40
Unappropriated Reserve for Grants	A-15	2,668.48	1,596.20
		<u>223,291.31</u>	<u>521,574.60</u>
Total Federal and State Grant Fund			
		<u>\$ 3,787,749.16</u>	<u>\$ 3,952,670.18</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>			

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

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

	Ref.	Year Ended December 31,	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 605,000.00	\$ 635,000.00
Miscellaneous Revenue Anticipated		593,040.41	686,583.70
Receipts from:			
Delinquent Taxes		189,923.90	100,587.98
Current Taxes		8,669,924.07	8,449,502.33
Nonbudget Revenue		23,480.89	21,054.18
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		180,179.45	125,291.77
Cancellation of Appropriated Grant Reserves			36,047.62
Cancellation of Prior Year Accounts Payable			2,939.05
Prior Year Tax Penalty Receipts		4,939.71	763.70
Interfund Returned			316,368.24
Total Income		<u>10,266,488.43</u>	<u>10,374,138.57</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		1,565,344.77	1,744,542.37
County Taxes		2,170,459.47	2,161,520.52
Regional School Districts Taxes		5,603,330.00	5,526,540.00
Open Space Trust Taxes		53,547.38	53,610.82
Decrease in Regional School District Taxes Payable			300,000.00
Prior Year Senior Citizen/ Veteran Deductions Disallowed			250.00
Cancellation of Grant Fund Accounts Receivable			44,472.37
Total Expenditures		<u>9,392,681.62</u>	<u>9,830,936.08</u>
Excess in Revenue		873,806.81	543,202.49
<u>Fund Balance</u>			
Balance January 1		1,061,417.87	1,153,215.38
		<u>1,935,224.68</u>	<u>1,696,417.87</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>605,000.00</u>	<u>635,000.00</u>
Balance December 31	A	<u>\$ 1,330,224.68</u>	<u>\$ 1,061,417.87</u>

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

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

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 605,000.00		\$ 605,000.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	5,000.00		5,231.58	\$ 231.58
Interest and Costs on Taxes	29,900.00		64,918.33	35,018.33
Interest on Investments	13,000.00		90,569.47	77,569.47
Energy Receipts Tax	188,603.00		188,603.00	
Municipal Relief Fund Aid	9,838.26		9,838.26	
Garden State Preservation Trust Fund	34,362.00		34,362.00	
Clean Communities Grant	9,611.57		9,611.57	
New Jersey Department of Transportation Grant- Free Union Road	80,310.00		80,310.00	
Reserve for Recycling Tonnage Grant	905.79		905.79	
Reserve Clean Communities Grant	690.41		690.41	
American Rescue Plan Firefighter Grant	33,000.00		33,000.00	
Stormwater Assistance Grant	\$ 75,000.00		75,000.00	
	405,221.03	75,000.00	593,040.41	112,819.38
Receipts from Delinquent Taxes	122,000.00		189,923.90	67,923.90
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	978,123.74		1,462,587.22	484,463.48
Budget Totals	2,110,344.77	75,000.00	2,850,551.53	665,206.76
Nonbudget Revenue			23,480.89	23,480.89
	\$ 2,110,344.77	\$ 75,000.00	\$ 2,874,032.42	\$ 688,687.65

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

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 8,669,924.07
Allocated to School, County and Open Space Taxes	7,827,336.85
	842,587.22
Balance for Support of Municipal Budget	
 Add: Appropriation "Reserve for Uncollected Taxes"	 620,000.00
 Realized for Support of Municipal Budget	 \$ 1,462,587.22

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 167,179.44
Tax Title Liens	22,744.46
	\$ 189,923.90

Analysis of Interest Earned:

Interest Earned in Current Fund	\$ 69,817.57
Interest Due from Federal and State Grant Fund	7,664.71
Interest Due from General Capital Fund	6,868.34
Interest Due from Animal Control Fund	263.35
Interest Due from Other Trust Funds	5,955.50
	\$ 90,569.47

Analysis of Nonbudget Revenue:

Treasurer:	
Cable TV Franchise Fee	\$ 9,008.02
Marriage Licenses/Civil Union	42.00
Other Licenses	300.00
Copies	320.00
Zoning Board Fees and Permits	1,020.00
Property Lists	60.00
Senior Citizen and Veteran - Administrative Fee	310.00
FEMA Reimbursement (Severe Winter Storm and Snowstorm)	1,418.02
Pavilion Rental Fee	85.00
Auction Proceeds	7,550.00
Other Miscellaneous	3,367.85
	\$ 23,480.89

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

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

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT:				
Administrative and Executive:				
Salaries & Wages	\$ 5,330.00	\$ 5,330.00	\$ 5,330.00	
Other Expenses	13,000.00	13,000.00	10,018.15	\$ 2,981.85
Mayor and Council:				
Salaries & Wages	11,525.00	11,525.00	10,645.00	880.00
Other Expenses	2,000.00	2,000.00	1,701.41	298.59
Municipal Clerk:				
Salaries & Wages	115,260.00	115,485.00	115,441.40	43.60
Other Expenses	15,900.00	15,900.00	13,561.47	2,338.53
Financial Administration:				
Salaries & Wages	12,836.00	12,836.00	10,666.00	2,170.00
Other Expenses	14,990.00	14,990.00	14,966.53	23.47
Annual Audit	20,808.00	20,808.00	20,808.00	
Collection of Taxes:				
Salaries & Wages	25,894.00	25,894.00	25,894.00	
Other Expenses	5,850.00	5,850.00	4,200.55	1,649.45
Assessment of Taxes:				
Salaries & Wages	26,119.00	26,119.00	26,119.00	
Other Expenses	7,889.00	7,889.00	5,881.91	2,007.09
Legal Services and Costs:				
Other Expenses	39,500.00	39,500.00	30,828.05	8,671.95
Engineering Services and Costs:				
Other Expenses	9,000.00	9,000.00	6,915.25	2,084.75

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

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
LAND USE ADMINISTRATION:				
Municipal Land Use Law (N.J.S.A. 40:55D-1) :				
Municipal Land Use Board:				
Salaries & Wages	\$ 500.00	500.00	\$	500.00
Other Expenses	17,770.00	17,770.00	\$ 8,033.74	9,736.26
Zoning Officer:				
Salaries & Wages	12,293.00	12,369.25	12,369.25	
Insurance:				
Liability Insurance	61,964.00	61,964.00	61,964.00	
Worker's Compensation	23,483.00	23,483.00	23,483.00	
Group Insurance Plan for Employees	121,296.00	119,494.75	84,396.68	35,098.07
Municipal Court:				
Other Expenses	11,000.00	12,500.00	10,650.93	1,849.07
PUBLIC SAFETY:				
Emergency Management Service:				
Salaries & Wages	3,311.00	3,311.00	3,311.00	
Other Expenses	700.00	700.00		700.00
First Aid Organization - Contribution:				
Independence Township	15,000.00	15,000.00	15,000.00	
Aid to Volunteer Fire Companies:				
Liberty Township Fire Companies	65,000.00	65,000.00	65,000.00	
Fire Department:				
O.S.H.A Required Equipment	15,000.00	15,000.00		15,000.00

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

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC WORKS FUNCTIONS:				
Road Repairs and Maintenance:				
Salaries & Wages	\$ 212,000.00	\$ 212,000.00	\$ 190,392.90	\$ 21,607.10
Other Expenses	145,000.00	145,000.00	108,080.46	36,919.54
Garbage and Trash Removal:				
Other Expenses	3,500.00	3,500.00	2,148.84	1,351.16
Public Buildings and Grounds:				
Other Expenses	40,000.00	40,000.00	22,728.00	17,272.00
HEALTH AND WELFARE:				
Environmental Commission (N.J.S.A. 40A: 56 ET SEQ):				
Salaries & Wages	3,657.00	3,657.00	1,320.44	2,336.56
Other Expenses	6,880.00	6,880.00	5,094.08	1,785.92
Dog Regulation:				
Salaries & Wages	6,529.00	6,529.00	6,529.00	
PARKS AND RECREATION FUNCTIONS:				
Recreation:				
Salaries & Wages	43,866.00	43,866.00	33,265.47	10,600.53
Other Expenses	17,000.00	17,000.00	10,658.56	6,341.44
Maintenance of Parks:				
Other Expenses	4,000.00	4,000.00	2,345.60	1,654.40
Beach and Boardwalk:				
Other Expenses	5,700.00	5,700.00	4,512.00	1,188.00
Utility Expenses and Bulk Purchases	43,000.00	43,000.00	31,853.38	11,146.62
Total Operations Within "CAPS"	1,204,350.00	1,204,350.00	1,006,114.05	198,235.95

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

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Total Operations - Within "CAPS" (Cont'd):				
Detail:				
Salaries & Wages	\$ 479,120.00	\$ 479,421.25	\$ 441,283.46	\$ 38,137.79
Other Expenses	725,230.00	724,928.75	564,830.59	160,098.16
	<u>1,204,350.00</u>	<u>1,204,350.00</u>	<u>1,006,114.05</u>	<u>198,235.95</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	37,000.00	37,000.00	32,619.38	4,380.62
Unemployment Compensation	2,800.00	2,800.00	2,524.88	275.12
Public Employees' Retirement System	51,577.00	51,577.00	51,577.00	
Defined Contribution Retirement Program	100.00	100.00		100.00
	<u>91,477.00</u>	<u>91,477.00</u>	<u>86,721.26</u>	<u>4,755.74</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>1,295,827.00</u>	<u>1,295,827.00</u>	<u>1,092,835.31</u>	<u>202,991.69</u>
Operations Excluded from "CAPS":				
Public and Private Programs Offset by Revenues:				
Stormwater Assistance Grant (N.J.S.A. 40A-87-\$75,000)		75,000.00	75,000.00	
Clean Communities Grant	10,301.98	10,301.98	10,301.98	
American Rescue Plan Firefighter Grant	33,000.00	33,000.00	33,000.00	
Reserve for Recycling Grant	905.79	905.79	905.79	
New Jersey Department of Transportation Grant- Free Union Road	80,310.00	80,310.00	80,310.00	
	<u>124,517.77</u>	<u>199,517.77</u>	<u>199,517.77</u>	
Total Operations Excluded from "CAPS"				
Detail:				
Other Expenses	<u>124,517.77</u>	<u>199,517.77</u>	<u>199,517.77</u>	

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

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Capital Improvements - Excluded from "CAPS": Capital Improvement Fund	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00	
Total Capital Improvements - Excluded from "CAPS"	70,000.00	70,000.00	70,000.00	
Total General Appropriations - Excluded from "CAPS"	194,517.77	269,517.77	269,517.77	
Subtotal General Appropriations	1,490,344.77	1,565,344.77	1,362,353.08	\$ 202,991.69
Reserve for Uncollected Taxes	620,000.00	620,000.00	620,000.00	
Total General Appropriations	\$ 2,110,344.77	\$ 2,185,344.77	\$ 1,982,353.08	\$ 202,991.69

Ref.

A

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

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 2,110,344.77	
Added by N.J.S.A. 40A:4-87		-	
		<u>\$ 2,110,344.77</u>	
Reserve for Uncollected Taxes			\$ 620,000.00
Reserve for Encumbrances	A		45,862.32
Due Federal and State Grant Fund			199,517.77
Cash Disbursed			<u>1,117,126.30</u>
			1,982,506.39
Less: Appropriation Refunds			<u>153.31</u>
			<u>\$ 1,982,353.08</u>

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

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
TRUST FUNDS

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

		December 31,	
	Ref.	2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 6,246.05	\$ 6,601.18
		6,246.05	6,601.18
Other Trust Funds:			
Cash and Cash Equivalents	B-4	473,779.37	418,769.94
		473,779.37	418,769.94
TOTAL ASSETS		\$ 480,025.42	\$ 425,371.12
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State Board of Health			\$ 4.20
Reserve for Animal Control Expenditures	B-6	\$ 6,246.05	6,439.60
Reserve for Encumbrances			157.38
		6,246.05	6,601.18
Other Trust Funds:			
Reserve for:			
Recreation		79,223.69	60,682.35
Open Space Trust		182,780.48	129,525.85
Performance Escrow and Bonds		66,875.20	91,161.74
Storm Recovery		30,000.00	30,000.00
Tax Sale Premiums		114,900.00	107,400.00
		473,779.37	418,769.94
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 480,025.42	\$ 425,371.12

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

TOWNSHIP OF LIBERTY
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

TOWNSHIP OF LIBERTY
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	December 31,	
		2023	2022
Cash and Cash Equivalents	C-2	\$ 261,300.31	\$ 219,398.30
TOTAL ASSETS		\$ 261,300.31	\$ 219,398.30
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 139,462.78	\$ 72,560.77
Capital Improvement Fund	C-6	101,255.44	126,255.44
Reserve for Marble Hill		12,255.40	12,255.40
Fund Balance	C-1	8,326.69	8,326.69
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 261,300.31	\$ 219,398.30

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

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

	<u>Ref</u>	
Balance December 31, 2022	C	\$ 8,326.69
Balance December 31, 2023	C	<u>\$ 8,326.69</u>

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

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
BOND AND INTEREST FUND

NOT APPLICABLE

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

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

	December 31,	
	2023	2022
<u>ASSETS</u>		
Land	\$ 531,315.48	\$ 531,315.48
Buildings	1,485,008.00	1,485,008.00
Equipment and Vehicles	1,750,903.05	1,502,305.05
<u>TOTAL ASSETS</u>	<u>\$ 3,767,226.53</u>	<u>\$ 3,518,628.53</u>
<u>RESERVES</u>		
Reserve for Fixed Assets	\$ 3,767,226.53	\$ 3,518,628.53
<u>TOTAL RESERVES</u>	<u>\$ 3,767,226.53</u>	<u>\$ 3,518,628.53</u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

B. Description of Funds (Cont'd)

Trust Fund – Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

General Fixed Assets Account Group – These accounts were established with values of land, buildings and certain fixed assets of the Township as discussed under the caption “Basis of Accounting”.

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow:

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

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

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

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

C. Basis of Accounting (Cont'd)

The cash basis of accounting is followed in the Other Trust Fund and the General Capital Fund.

Had the Township's financial statements been prepared under generally accepted accounting principles, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and awards would be recognized when earned, not when awarded, inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated as fair value and the Township's net pension liability, net OPEB liability and related deferred inflows and outflows would be recorded.

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

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

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

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

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

E. Other significant accounting policies include: (Cont'd)

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

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

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

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

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

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

Note 2: Long-Term Debt

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

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

(Continued)

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

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.0%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 352,643.43	\$ 352,643.43	_____
	<u>\$ 352,643.43</u>	<u>\$ 352,643.43</u>	<u>\$ -0-</u>

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

3-1/2% Average Equalized Valuation of Real Property	<u>\$ 12,224,225.81</u>
Remaining Borrowing Power	<u>\$ 12,224,225.81</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

The Township had no debt issued and outstanding on December 31, 2023.

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

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2023 included in the introduced Current Fund budget for the year ending December 31, 2024 is \$623,727.83.

Note 4: Pension Plans

Township employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee’s Retirement System (PERS).

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

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

Note 4. Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

Township contributions to PERS amounted to \$51,577 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$1,299 to the PERS for normal pension benefits on behalf of the Township.

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

Special Funding Situation

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

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability was \$617,239 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

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

Note 4. Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

At June 30, 2022, the Township's proportion was 0.0041%, which was an increase of 0.0005% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

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

For the year ended December 31, 2023, the Township recognized actual pension expense in the amount of \$51,577.

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

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

(Continued)

Note 4. Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

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

Discount Rate

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

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

The following presents the Township's proportionate share of the collective net pension liability as

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

Note 4. Pension Plans (Cont'd)

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

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

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

	June 30, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 792,971	\$ 617,239	\$ 467,684

Pension Plan Fiduciary Net Position

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

Note 5: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$39,890.44 at December 31, 2023. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Note 6: Selected Tax Information

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

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

Note 6: Selected Tax Information (Cont'd)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	\$ 3.292	\$ 3.238	\$ 3.124
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Open Space)	.385	.366	.356
County	.812	.808	.777
Regional School District	2.095	2.064	1.991
<u>Assessed Valuations</u>			
2023	<u>\$ 267,424,136.00</u>		
2022		<u>\$ 267,716,300.00</u>	
2021			<u>\$ 267,575,600.00</u>

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 8,813,883.52	\$ 8,669,924.07	98.36%
2022	8,680,185.13	8,449,502.33	97.34%
2021	8,374,139.08	8,229,002.01	98.26%

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

Note 7: Cash and Cash Equivalents and Investments

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

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

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

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investments matures within the time period that approximates the prospective need for the

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

Note 7: Cash and Cash Equivalents and Investments (Cont'd)

funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following two pages.

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

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

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

Note 7: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law” P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above; of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

<u>Fund</u>	<u>Cash on Hand</u>	<u>Savings and Checking Accounts</u>	<u>Totals</u>
Current	\$ 250.00	\$ 3,047,612.18	\$ 3,047,862.18
Federal and State Grants		42,249.57	42,249.57
Animal Control Trust		6,246.05	6,246.05
Other Trust		473,779.37	473,779.37
General Capital		261,300.31	261,300.31
	<u>\$ 250.00</u>	<u>\$ 3,831,187.48</u>	<u>\$ 3,831,437.48</u>

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

(Continued)

Note 7: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

During the period ended December 31, 2023, the Township did not hold any investments. The carrying amount of the Township’s cash and cash equivalents at December 31, 2023, was \$3,831,437.48 and the bank balance was \$3,781,877.54.

Note 8: Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

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

	Balance Dec. 31, 2023	Balance Dec. 31, 2022
Balance of Tax	\$ 2,861,665.05	\$ 2,823,270.05
Amount Deferred	1,520,074.75	1,520,074.75
School Taxes Payable	\$ 1,341,590.30	\$ 1,303,195.30

Note 9: Contingent Liabilities

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

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

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

Note 10: Fixed Assets

The following schedule is a summarization of the Township of Liberty's fixed assets:

	Balance Dec. 31, 2022	Additions	Deletions	Balance Dec. 31, 2023
Land	\$ 531,315.48			\$ 531,315.48
Buildings	1,485,008.00			1,485,008.00
Equipment and Vehicles	1,502,305.05	\$ 304,448.00	\$ 55,850.00	1,750,903.05
	<u>\$ 3,518,628.53</u>	<u>\$ 304,448.00</u>	<u>\$ 55,850.00</u>	<u>\$ 3,767,226.53</u>
	Balance Dec. 31, 2021	Additions	Deletions	Balance Dec. 31, 2022
Land	\$ 531,315.48			\$ 531,315.48
Buildings	1,485,008.00			1,485,008.00
Equipment and Vehicles	1,481,546.11	\$ 20,758.94		1,502,305.05
	<u>\$ 3,497,869.59</u>	<u>\$ 20,758.94</u>	<u>\$ -0-</u>	<u>\$ 3,518,628.53</u>

Note 11: Open Space Trust Fund

On November 3, 1998, the Township of Liberty created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Township. As of December 31, 2023 the balance in the Open Space Trust Fund was \$182,780.48.

Note 12: Risk Management

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

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

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

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

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

Note 12: Risk Management (Cont'd)

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

	Statewide Insurance Fund Dec. 31, 2022
Total Assets	\$ 47,188,767
Net Position	\$ 12,401,193
Total Revenue	\$ 30,020,936
Total Expenses	\$ 32,801,506
Change in Net Position	\$ (2,780,570)
Member Dividends	\$ 362,454

Contact information for Statewide Insurance Fund is as follows:

One Sylvan Way, Suite 100
Parsippany, New Jersey 07054
1- (862) 260-2050

New Jersey Unemployment Compensation

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township's claims are paid by the State.

Note 13: Economic Dependency

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

Note 14: Interfund Receivables and Payables

There are no interfund balances remaining on the balance sheet at December 31, 2023.

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

Note 15: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 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 reach the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. To be eligible for the Township's post employments benefits you must be age 62 with 15 years of service.

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

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Benefits Provided (Cont'd)

In accordance with the Township's resolution, Township employees are entitled to the following benefits:

The retiree health benefits coverage applies to the employee and dependents. In the event of an employee's death, coverage ceases. In order to be eligible for this benefit, the employee must have a minimum of twenty-five (25) years of full-time service in the PERS or PFRS pension system and ten (10) years of full-time service with the Township.

Contributions

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

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

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

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

OPEB Expense (Cont'd)

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

At June 30, 2022, the Township had a liability of \$760,000 for its proportionate share of the net OPEB liability. At June 30, 2022, the Township's proportion was .0047% which was a decrease of .0010% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022 the Township's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$65,986.

The Township did not have any post retirement payments in 2023.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Salary Increases*:

Public Employees' Retirement System (PERS)

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

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

Mortality:

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

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the PERS experience study prepared for July 1, 2018 – June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the trend rate is 8.00% for fiscal year 2023 and decreases to a 4.50% trend rate in 2030 and later.

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

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Discount Rate

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

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

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

	June 30, 2022		
	At 1% Decrease (2.54%)	Current Discount Rate (3.54%)	At 1% Increase (4.54%)
	Net OPEB Liability Attributable to the Township	\$ 880,993	\$ 760,000

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

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

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	Net OPEB Liability Attributable to the Township	\$ 644,731	\$ 760,000

TOWNSHIP OF LIBERTY

SUPPLEMENTARY DATA

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

Name	Title	Amount of Bond	Name of Corporate Surety
John Inscho	Mayor		
Daniel Grover	Deputy Mayor		
David Rogers	Committeeman		
Peter Karcher	Committeeman		
Wayne Spangenberg	Committeeman		
Diane M. Pflugfelder	Clerk/Administrator	(A)	Municipal Excess Liability Joint Insurance Fund
Jennifer Breslin	Chief Financial Officer	(A)	Municipal Excess Liability Joint Insurance Fund
Jennifer Breslin	Deputy Clerk	(A)	Municipal Excess Liability Joint Insurance Fund
Cindy Eckert	Tax Collector	(A)	Municipal Excess Liability Joint Insurance Fund
Penny Hostenstein	Tax Assessor	(A)	Municipal Excess Liability Joint Insurance Fund
Richard W. Wenner	Attorney		
Ferriero Engineering	Engineer		
Eric Snyder	Zoning Official	(A)	Municipal Excess Liability Joint Insurance Fund
George Boesze	Zoning Official	(A)	Municipal Excess Liability Joint Insurance Fund

(A) All municipal employees are covered under a \$50,000 and \$950,000 Public Employees Blanket Bond provided by the Municipal Excess Liability Joint Insurance Fund.

All bonds were examined and were properly executed.

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
CURRENT FUND

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF CASH

Balance December 31, 2022	<u>Ref.</u> A	\$ 2,688,200.73
Increased by Receipts:		
Tax Collector		\$ 8,986,140.40
Revenue Accounts Receivable		228,196.58
Miscellaneous Revenue Not Anticipated		23,480.89
Due from State of N.J.:		
Marriage License Fees		100.00
Veterans and Senior Citizens' Deductions		15,500.00
Reserve for Municipal Relief Fund Aid		19,672.83
Reserve for Garden State Preservation		7,953.00
Reserve for Energy Receipts		1,303.68
Interest Earned:		
Current Fund		69,817.57
Federal and State Grant Fund		7,664.71
General Capital		6,868.34
Animal Control		263.35
Other Trust Funds		5,955.50
2023 Budget Appropriation Refunds		153.31
Payroll Deductions Payable		48,293.20
		9,421,363.36
		12,109,564.09
Decreased by Disbursements:		
2023 Appropriation Expenditures		1,117,126.30
2022 Appropriation Reserves		41,162.58
Regional School Taxes		5,564,935.00
County Taxes		2,170,459.47
Tax Overpayment Refunds		13,143.83
Due Other Trust Funds:		
Tax Sale Premiums		37,500.00
Open Space Taxes		53,547.38
Due To State of New Jersey:		
Marriage License Fees		75.00
Payroll Deductions Payable		47,982.30
Redemption of Third Party Liens		16,020.05
		9,061,951.91
Balance December 31, 2023	A	\$ 3,047,612.18

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

Increased by Receipts:		
Taxes Receivable	\$ 8,742,290.32	
Interest and Costs on Taxes	64,918.33	
2024 Prepaid Taxes	84,583.70	
Tax Overpayments	13,143.83	
Year End Penalty	4,939.71	
Third Party Lien Redemption	16,020.05	
Township Lien Redemption	22,744.46	
Tax Sale Premiums	<u>37,500.00</u>	
		<u>\$ 8,986,140.40</u>
Decreased by:		
Disbursed to Municipal Treasurer		<u>\$ 8,986,140.40</u>

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUNDS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 298,473.93
Increased by Receipts:		
Grants Receivable		\$ 214,980.50
Unappropriated Reserves		27,668.48
Due to Current Fund:		
Interest Earned		7,664.71
		250,313.69
		548,787.62
Decreased by Disbursements:		
Appropriated Reserve Expenditures		498,873.34
Due to Current Fund:		
Interest Earned		7,664.71
		506,538.05
Balance December 31, 2023	A	\$ 42,249.57

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

Year	Balance		2023 Levy		Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2023
	Dec. 31, 2022		2022	2023	2022	2023				
2022	\$ 176,272.62			\$ 167,179.44			\$ 8,382.56		\$ 710.62	
2023		\$ 8,813,883.52	\$ 79,063.19	8,575,110.88		\$ 15,750.00	35.17		35,491.45	\$ 108,432.83
	\$ 176,272.62	\$ 8,813,883.52	\$ 79,063.19	\$ 8,742,290.32		\$ 15,750.00	\$ 8,417.73		\$ 36,202.07	\$ 108,432.83

Ref. A

A

Analysis of 2023 Property Tax Levy:

Tax Yield:
 General Purpose Tax \$ 8,803,602.56
 Added and Omitted Taxes 10,280.96
\$ 8,813,883.52

Tax Levy:
 Regional School District Taxes \$ 5,603,330.00
 County Taxes:
 General Tax \$ 1,945,311.95
 Library Tax 154,001.01
 Open Space Tax 68,609.13
 Due County for Added and Omitted Taxes 2,537.38

Local Tax for Open Space 2,170,459.47
53,547.38
 7,827,336.85

Local Tax for Municipal Purposes Levied 978,123.74
 Add: Additional Tax Levied 8,422.93

986,546.67
\$ 8,813,883.52

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 452,159.15
Increased by:		
Interest and Costs Accrued at Tax Sale	\$ 91.05	
Transfer from Taxes Receivable - 2022	710.62	
Transfer from Taxes Receivable - 2023	<u>35,491.45</u>	
		<u>36,293.12</u>
		488,452.27
Decreased by:		
Tax Title Lien Redemption	22,744.46	
Tax Title Lien Cancellation	<u>169,099.99</u>	
		<u>191,844.45</u>
Balance December 31, 2023	A	<u><u>\$ 296,607.82</u></u>

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2023

	<u>Accrued In</u> <u>2023</u>	<u>Collected by</u> <u>Treasurer</u>
Clerk:		
Alcoholic Beverage Licenses	\$ 5,231.58	\$ 5,231.58
Energy Receipts Tax	188,603.00	188,603.00
Garden State Preservation Trust Fund	34,362.00	34,362.00
	<u>\$ 228,196.58</u>	<u>\$ 228,196.58</u>

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Administrative and Executive:				
Other Expenses	\$ 2,231.56	\$ 2,231.56	\$ 130.00	\$ 2,101.56
Mayor and Council:				
Salaries & Wages	880.00	880.00		880.00
Other Expenses	890.00	890.00		890.00
Municipal Clerk:				
Salaries & Wages	99.55	99.55		99.55
Other Expenses	4,650.62	4,650.62	513.59	4,137.03
Financial Administration:				
Salaries & Wages	2,108.00	2,108.00		2,108.00
Other Expenses	1,040.45	1,040.45	564.00	476.45
Assessment of Taxes:				
Other Expenses	558.10	558.10		558.10
Collection of Taxes:				
Other Expenses	1,924.00	1,924.00	194.72	1,729.28
Legal Services and Costs:				
Other Expenses	12,000.00	12,000.00	5,600.00	6,400.00
Engineering Services and Costs:				
Other Expenses	2,444.73	2,444.73		2,444.73
LAND USE ADMINISTRATION:				
Municipal Land Use Law:				
Municipal Land Use Board:				
Other Expenses	60.93	2,610.50	2,610.50	
Zoning Officer:				
Salaries & Wages	367.58	367.58		367.58
Insurance:				
Group Insurance Plan for Employees	10,828.34	10,828.34		10,828.34
Liability Insurance	750.00	750.00		750.00
Municipal Court:				
Other Expenses	1,680.10	1,680.10	1,680.10	
PUBLIC SAFETY:				
Emergency Management:				
Other Expenses	679.00	679.00		679.00
Fire Department:				
O.S.H.A. Required Equipment	15,000.00	15,000.00		15,000.00

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC WORKS:				
Road Repair and Maintenance:				
Salaries & Wages	\$ 29,938.24	\$ 29,938.24		\$ 29,938.24
Other Expenses	77,158.96	74,222.35	\$ 21,190.22	53,032.13
Sanitation:				
Garbage and Trash Removal:				
Other Expenses	1,239.20	1,239.20	171.70	1,067.50
Public Buildings and Grounds:				
Other Expenses	25,272.52	22,044.68	2,481.37	19,563.31
Environmental Commission :				
Salaries & Wages	1,918.22	1,918.22		1,918.22
Other Expenses	3,996.13	3,996.13		3,996.13
RECREATION AND EDUCATION:				
Recreation:				
Salaries & Wages	6,378.67	6,378.67		6,378.67
Other Expenses	4,341.90	4,341.90	574.56	3,767.34
Maintenance of Parks:				
Other Expenses	2,880.00	2,880.00		2,880.00
Beach and Boardwalk:				
Other Expenses	2,167.50	2,167.50	18.00	2,149.50
Utility Expenses and Bulk Purchases	1,818.94	5,433.82	5,433.82	
Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	5,235.77	5,235.77		5,235.77
Unemployment Compensation	503.02	503.02		503.02
Defined Contribution Retirement Program	300.00	300.00		300.00
	<u>\$ 221,342.03</u>	<u>\$ 221,342.03</u>	<u>\$ 41,162.58</u>	<u>\$ 180,179.45</u>
 <u>Analysis of Balance as of 12/31/2022:</u>				
	<u>Ref.</u>			
Unencumbered	A	\$ 194,484.25		
Encumbered	A	26,857.78		
		<u>\$ 221,342.03</u>		

TOWNSHIP OF LIBERTY
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2022		
Regional School District Tax Payable	A	\$ 1,303,195.30
Deferred School Tax		1,520,074.75
		2,823,270.05
Increased by:		
Levy - School Year July 1, 2023 through June 30, 2024		5,603,330.00
		8,426,600.05
Decreased by:		
Payments to Regional School District		5,564,935.00
		\$ 2,861,665.05
Balance December 31, 2023		
Regional School District Tax Payable	A	1,341,590.30
Deferred School Tax		1,520,074.75
		\$ 2,861,665.05
 <u>Analysis of Increase- Deferred School Tax:</u>		
Balance December 31, 2023		\$ 1,520,074.75
Balance December 31, 2022		1,520,074.75
Net Decrease to Operations		\$ -0-

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

	Balance Dec. 31, 2022	Budget Revenue Realized	Cash Receipts	Transferred from Unappropriated Reserves	Balance Dec. 31, 2023
Clean Communities Grant - 2023		\$ 9,611.57	\$ 9,611.57		
Clean Communities Grant - 2022		690.41		690.41	
Recycling Tonnage Grant 2019		905.79		905.79	
NJ Department of Transportation:					
Free Union Road - 2020	\$ 28,125.00				\$ 28,125.00
Free Union Road - 2021	106,900.00		79,436.43		27,463.57
Free Union Road - 2022	87,600.00		65,700.00		21,900.00
Free Union Road - 2022		80,310.00	60,232.50		20,077.50
ANJEC Environmental Grant - 2019	475.67				475.67
American Rescue Plan Firefighter Grant		33,000.00			33,000.00
Stormwater Assistance Grant		75,000.00		25,000.00	50,000.00
	\$ 223,100.67	\$ 199,517.77	\$ 214,980.50	\$ 26,596.20	\$ 181,041.74

Ref.

A

A

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

	Balance Dec. 31, 2022	Transferred from 2023 Budget Appropriations	Paid or Charged	Balance Dec. 31, 2023
Recycling Tonnage Grant - 2004	\$ 396.12		\$ 60.00	\$ 336.12
Recycling Tonnage Grant - 2012	829.30		829.30	
Recycling Tonnage Grant - 2013	4,201.42			4,201.42
Recycling Tonnage Grant - 2015	112.54		112.54	
Recycling Tonnage Grant - 2016	2,486.07		87.46	2,398.61
Recycling Tonnage Grant - 2017	1,005.44			1,005.44
Recycling Tonnage Grant - 2018	872.05			872.05
Recycling Tonnage Grant - 2019		\$ 905.79		905.79
Recycling Tonnage Grant - 2020	1,706.30			1,706.30
Beach Donation	100.00			100.00
Clean Communities Grant:				
2022	9,096.50	690.41	4,878.83	4,908.08
2023		9,611.57		9,611.57
Municipal Alliance Grant - Local Match:				
2010	88.60		88.60	
2011	1,260.00		905.90	354.10
2012	1,260.00			1,260.00
2013	469.66			469.66
Municipal Grant Alcohol Rehab Fund	1,003.99			1,003.99
2019 ANJEC Grant	84.90		84.90	
NJ Department of Transportation:				
2020 Free Union Road	5,799.42		1,910.00	3,889.42
2021 Free Union Road	106,900.00		106,900.00	
2022 Free Union Road	87,600.00		87,600.00	
2023 Free Union Road		80,310.00		80,310.00
Emergency Management Plan Grant	1,424.80			1,424.80
American Rescue Plan Act	293,281.29		293,281.29	
American Rescue Plan Firefighter Grant		33,000.00		33,000.00
Stormwater Assistance Grant		75,000.00	2,134.52	72,865.48
	<u>\$ 519,978.40</u>	<u>\$ 199,517.77</u>	<u>\$ 498,873.34</u>	<u>\$ 220,622.83</u>
<u>Ref.</u>	A			A

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

	Balance Dec. 31, 2022	Cash Receipts	Transferred to 2023 Grant Receivable	Balance Dec. 31, 2023
Recycling Tonnage Grant - 2019	\$ 905.79		\$ 905.79	
Recycling Tonnage Grant - 2020	\$ 1,371.00	1,371.00		\$ 1,371.00
Clean Communities - 2023	690.41	1,297.48	690.41	1,297.48
Clean Communities - 2022		25,000.00	25,000.00	
Stormwater Assistance Grant				
	\$ 1,596.20	\$ 27,668.48	\$ 26,596.20	\$ 2,668.48

Ref. A A

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
TRUST FUNDS

TOWNSHIP OF LIBERTY
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2022	B	\$ 6,601.18	\$ 418,769.94
Increased by Receipts:			
Animal Control License Fees		\$ 3,019.20	
Late Registration Fees		461.00	
State Dog License Fees		751.80	
Performance Bonds and Escrow Deposits			\$ 3,600.00
Recreation Programs			39,092.64
Tax Sale Premiums			37,500.00
Open Space Trust:			
Open Space Levy			53,547.38
Boat Launch			1,457.79
Interest Earned			3,383.98
Due Current Fund:			
Interest Earned		<u>263.35</u>	<u>5,955.50</u>
		4,495.35	144,537.29
		<u>11,096.53</u>	<u>563,307.23</u>
Decreased by Disbursements:			
Due to State of New Jersey		756.00	
Administrative Expenses		3,831.13	
Reserve for:			
Performance Bonds and Escrow Expenses			27,886.54
Open Space Trust			5,134.52
Recreation Expenses			20,551.30
Tax Sale Premium			30,000.00
Due Current Fund:			
Interest Earned		<u>263.35</u>	<u>5,955.50</u>
		4,850.48	89,527.86
Balance December 31, 2023	B	<u>\$ 6,246.05</u>	<u>\$ 473,779.37</u>

TOWNSHIP OF LIBERTY
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 6,439.60
Increased by:		
Dog License Fees:		
Collected in Current Year		\$ 3,019.20
Cancellation of Prior Year Encumbrances		157.38
Late Registration Fees		461.00
		3,637.58
		10,077.18
Decreased by:		
Expenditures Under RS:4.19-15.1		3,831.13
		3,831.13
Balance December 31, 2023	B	\$ 6,246.05

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	\$ 3,148.40
2022	3,134.80
	6,283.20
Maximum Allowable Reserve	\$ 6,283.20

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
GENERAL CAPITAL FUND

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 219,398.30
Increased by:		
2023 Budget Appropriation:		
Capital Improvement Fund		\$ 70,000.00
Due Current Fund:		
Interest Earned		6,868.34
		76,868.34
		296,266.64
Decreased by:		
Improvement Authorization Expenditures		28,097.99
Due Current Fund:		
Interest Earned		6,868.34
		34,966.33
Balance December 31, 2023	C	\$ 261,300.31

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2022		2023 Authorizations Capital Improvement Fund		Paid or Charged		Balance Dec. 31, 2023 Funded	
		Date	Amount	Funded							
10-05	Recreation Facilities Improvement	11/04/10	\$ 64,700.00	\$ 50,428.40						\$ 50,428.40	
20-03	Road Improvements	08/06/20	24,803.01	22,132.37				\$ 16,256.28		5,876.09	
23-06	Various Improvements	04/06/23	15,000.00		\$ 15,000.00			11,841.71		3,158.29	
23-08	Road and Municipal Improvements	11/02/23	80,000.00		80,000.00					80,000.00	
					\$ 72,560.77		\$ 95,000.00	\$ 28,097.99		\$ 139,462.78	

Ref. C

C

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 126,255.44
Increased by:		
2023 Budget Appropriation		70,000.00
		196,255.44
Decreased by:		
Appropriated to Finance Improvement Authorizations		95,000.00
		95,000.00
Balance December 31, 2023	C	\$ 101,255.44

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

NOT APPLICABLE

TOWNSHIP OF LIBERTY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY
COUNTY OF WARREN
2023
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF LIBERTY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023

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

Federal Funding Department	Federal Program	Assistance Listing #	Pass Through Entity ID	Grant Period		Grant Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Treasury: (Passed through New Jersey Department of Community Affairs)	COVID-19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	21.027	100-022-8030-687-046010	03/03/21	12/31/24	\$ 293,281.29	\$ 293,281.29	\$ 293,281.29	\$ 293,281.29	
	Total Department of Treasury									
	Total Department of Homeland Security									
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA: Severe Winter Storm and Snowstorm	97.036	100-066-1200-C80-066290	01/31/21	02/02/21	1,418.02	\$ 1,418.02	1,418.02 *	1,418.02 *	
	Total Department of Homeland Security									
Total Federal Awards										

* - Expended in prior year

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LIBERTY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

State Funding Department	State Program	State Grant Account Number	Grant Period		Grant Award Amount	Grant Receipts	Grant Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-178910	01/01/22	12/31/24	\$ 10,416.66	\$ 10,909.05	\$ 4,878.83	\$ 5,508.58
			01/01/23	12/31/24	10,909.05	10,909.05	4,878.83	5,508.58
	Recycling Tonnage Grant	100-042-4910-224-238490	01/01/04	12/31/24	6,178.42		60.00	5,842.30
			01/01/12	12/31/23	2,536.60		829.30	2,536.60
			01/01/15	12/31/23	2,279.86		112.54	2,279.86
			01/01/16	12/31/24	2,486.07		87.46	87.46
			01/01/20	12/31/24	3,077.30	1,371.00	1,089.30	10,746.22
						1,371.00		
	Stormwater Assistance Grant	100-042-4850-099-290400	01/01/23	12/31/24	75,000.00	25,000.00	2,134.52	2,134.52
						25,000.00	2,134.52	2,134.52
						37,280.05	8,102.65	18,389.32
Total Department of Environmental Protection								
Department of Transportation	Transportation Trust Fund Free Union Road	480-078-6320-AN8-606280	01/01/20	12/31/24	112,500.00		1,910.00	108,610.58
			01/01/21	12/31/23	106,900.00	79,436.43	106,900.00	106,900.00
			01/01/22	12/31/23	87,600.00	65,700.00	87,600.00	87,600.00
			01/01/23	12/31/24	80,310.00	60,232.50	196,410.00	303,110.58
					205,368.93			
					205,368.93	196,410.00	303,110.58	
Total Department of Transportation								

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

Note 1. BASIS OF PRESENTATION

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



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

Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Liberty
 Great Meadows, New Jersey

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

Report on Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2023-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Township Committee
Township of Liberty
Great Meadows, New Jersey
Page 2

Report on Compliance and Other Matters

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

The Township's Response to the Finding


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

Purpose of this Report

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

Mount Arlington, New Jersey
April 29, 2024

Nisivoccia LLP
NISIVOCCIA LLP



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

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

Summary of Auditors' Results:

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

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

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

Finding 2023-001

Segregation of Duties

Criteria

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

Condition

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

The various departments/offices of the Township are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger including recording cash receipts and disbursements for the various funds as well as the preparation of payroll are performed by one person with limited oversight review.

Cause

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

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

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

Finding 2023-001 (Cont'd)

Effect or Potential Effect

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

Recommendation

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

Management's Response

The Township is aware of this situation and will attempt to more properly segregate recording and treasury functions as personnel and budgetary constraints allow.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

TOWNSHIP OF LIBERTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2023

The Township's prior year audit finding 2022-001 regarding segregation of duties has not been resolved due to personnel and budgetary constraints and is included as finding 2023-001.

TOWNSHIP OF LIBERTY

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

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

The governing body of the Township of Liberty has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made. The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 5, 2023, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes charges:

BE IT RESOLVED by the Mayor and Committee of the Township of Liberty, Warren County, New Jersey, that the rate of interest charges on delinquent taxes in this Township shall be as follows:

On all delinquents to and including December 31, 2023, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2023 at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

BE IT RESOLVED, that the collector of the Township be and hereby directed to collect interest on all taxes accordingly.

It appears from an examination of the Collector’s records on a test basis that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 7, 2023, and was complete. Inspection of tax sale certificates revealed that tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2023	41
2022	44
2021	43

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis. During the course of our audit, it was found that an large number of tax title liens are outstanding as of December 31, 2023. This has been communicated to management and they are taking it under advisement. Therefore, no formal recommendation is deemed necessary at this time.

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2023 and 2024 Taxes	20
Delinquent Taxes	15
Tax Title Liens	2

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

New Jersey Administrative Code Accounting Requirements

The New Jersey Administrative Code has established three (3) accounting requirements which are as follows:

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

The Township maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger accounting system.

Federal and State Grant Fund

During the audit we noted several grant appropriated reserves which are being carried over for a number of years. The Township is looking into whether those appropriations are going to be expended and will take action accordingly. Therefore, no formal recommendation is deemed necessary at this time.

Accounting Procedures:

During the course of our audit testing, we noted several instances where purchases were made prior to the preparation and approval of purchase orders.

Recommendation:

It is recommended that purchase orders are prepared and approved prior to the purchase of goods or services to ensure the availability of funds.

Management's Response:

All purchase orders will be prepared and approved prior to the purchase of goods or services to ensure the availability of funds.

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions:

Governmental Accounting Standards Board (GASB) Statements

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

COVID-19 Federal Funding

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

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

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

TOWNSHIP OF LIBERTY
COMMENTS AND RECOMMENDATIONS
(Continued)

Summary of Prior Year Recommendations

The recommendations from the 2022 audit concerning segregation of duties and purchase orders have not been resolved and are included in the 2023 audit report.

TOWNSHIP OF LIBERTY
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. Purchase orders are prepared and approved prior to the purchase of goods or services to ensure the availability of funds.

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