

*TOWNSHIP OF MONTAGUE*

*COUNTY OF SUSSEX*

*REPORT OF AUDIT*

*2023*

*NISIVOCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF MONTAGUE  
COUNTY OF SUSSEX  
REPORT OF AUDIT  
2023

TOWNSHIP OF MONTAGUE  
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TOWNSHIP OF MONTAGUE

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 Montague  
 Montague, 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 Montague, in the County of Sussex (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 where applicable thereof for the years then ended.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 Honorable Mayor and Members  
of the Township Committee  
Township of Montague  
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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.

The Honorable Mayor and Members  
of the Township Committee  
Township of Montague  
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- 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 and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
June 4, 2024

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*

Heidi A. Wohlleb  
Certified Public Accountant  
Registered Municipal Accountant No. 481



TOWNSHIP OF MONTAGUE  
COUNTY OF SUSSEX  
2023  
CURRENT FUND

TOWNSHIP OF MONTAGUE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,257,798.18	\$ 2,183,691.17
Change Fund		50.00	50.00
Petty Cash Fund		200.00	200.00
Due From State of New Jersey:			
Senior Citizens' and Veterans' Deductions		23,982.60	24,306.57
		<u>3,282,030.78</u>	<u>2,208,247.74</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	192,615.85	211,172.48
Tax Title Liens Receivable	A-8	1,100,238.53	1,037,566.14
Property Acquired for Taxes at Assessed Valuation		474,000.00	450,200.00
Due from Other Trust Funds	B		81.96
Total Receivables and Other Assets		<u>1,766,854.38</u>	<u>1,699,020.58</u>
With Full Reserves			
Total Regular Fund		<u>5,048,885.16</u>	<u>3,907,268.32</u>
Federal and State Grant Fund:			
Due from Current Fund	A	335,005.11	404,038.59
Total Federal and State Grant Fund		<u>335,005.11</u>	<u>404,038.59</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,383,890.27</u>	<u>\$ 4,311,306.91</u>

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

		December 31,	
	Ref.	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 283,822.49	\$ 166,458.80
Encumbered	A-3;A-11	32,699.82	15,474.33
		<u>316,522.31</u>	<u>181,933.13</u>
Prepaid Taxes		157,325.13	138,907.49
Tax Overpayments		75,879.65	1,766.73
Other Encumbrances Payable - Other		5,000.00	12,100.00
Other Encumbrances Payable - Tax Sale Premium		24,400.00	
Accounts Payable - Vendors			3,595.00
Due to:			
State of New Jersey:			
Marriage License Fees		150.00	
DCA Training Fees		1,297.00	924.00
Federal and State Grant Fund	A	335,005.11	404,038.59
Other Trust Funds	B	8,000.00	
Reserve for:			
Sale of Municipal Assets		1,097,166.66	
Redemption of Third Party Liens		22,828.99	2,327.01
Garden State PILOT Program		28,552.00	
Pending Tax Appeals		54,135.86	50,135.86
Municipal Relief Fund		26,443.39	13,224.60
		<u>2,152,706.10</u>	<u>808,952.41</u>
Reserve for Receivables and Other Assets	A	1,766,854.38	1,699,020.58
Fund Balance	A-1	1,129,324.68	1,399,295.33
		<u>5,048,885.16</u>	<u>3,907,268.32</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves	A-14	297,035.33	347,092.22
Reserve for Encumbrances	A-14	24,078.32	44,536.50
Unappropriated Reserves	A-15	13,891.46	12,409.87
		<u>335,005.11</u>	<u>404,038.59</u>
Total Federal and State Grant Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 5,383,890.27	\$ 4,311,306.91

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

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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 667,500.00	\$ 559,725.00
Miscellaneous Revenue Anticipated		718,403.75	1,171,702.57
Receipts from:			
Delinquent Taxes		250,719.14	281,293.59
Current Taxes		10,040,115.65	10,043,331.80
Nonbudget Revenue		153,653.83	223,336.94
Other Credits to Income:			
Interfunds Returned		81.96	
Unexpended Balance of Appropriation Reserves		97,115.54	206,666.19
Total Income		<u>11,927,589.87</u>	<u>12,486,056.09</u>
<u>Expenditures</u>			
Budget Appropriations - Municipal Purposes		2,670,637.02	2,927,943.94
County Taxes		2,282,727.50	2,303,189.55
Local School District Taxes		6,572,446.00	6,522,446.00
Prior Year Senior Citizen and Veteran Deductions Disallowed		250.00	1,500.00
Reserve for Pending Tax Appeals		4,000.00	30,000.00
Interfunds Advanced			81.96
Total Expenditures		<u>11,530,060.52</u>	<u>11,785,161.45</u>
Excess in Revenue		397,529.35	700,894.64
Balance January 1		<u>1,399,295.33</u>	<u>1,258,125.69</u>
		1,796,824.68	1,959,020.33
Decreased by:			
Utilized as Anticipated Revenue		<u>667,500.00</u>	<u>559,725.00</u>
Balance December 31	A	<u>\$ 1,129,324.68</u>	<u>\$ 1,399,295.33</u>

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

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

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 667,500.00		\$ 667,500.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	3,450.00		3,456.00	\$ 6.00
Fees and Permits	15,374.00		25,106.00	9,732.00
Fines and Costs:				
Municipal Court	10,400.00		13,688.27	3,288.27
Interest and Costs on Taxes	67,000.00		65,850.48	1,149.52 *
Interest on Investments and Deposits	4,000.00		6,476.87	2,476.87
Garden State Trust Fund	123,371.00		123,371.00	
Energy Receipts Tax	255,272.00		255,272.42	0.42
Municipal Relief Fund Aid	13,224.60		13,224.60	
Uniform Construction Code Fees	70,000.00		74,821.00	4,821.00
Zoning Officer - Borough of Sussex	27,000.00		25,026.78	1,973.22 *
Recycling Tonnage Grant	7,374.30		7,374.30	
Clean Communities Program Grant	12,182.67		12,182.67	
American Rescue Plan Firefighter Grant		\$ 49,000.00	48,497.94	502.06 *
Stormwater Management Grant		25,000.00	25,000.00	
Uniform Fire Safety Act	14,000.00		14,055.42	55.42
Capital Fund Balance	5,000.00		5,000.00	
Total Miscellaneous Revenue	<u>627,648.57</u>	<u>74,000.00</u>	<u>718,403.75</u>	<u>16,755.18</u>
Receipts from Delinquent Taxes	<u>200,000.00</u>		<u>250,719.14</u>	<u>50,719.14</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>1,556,990.51</u>		<u>1,639,942.15</u>	<u>82,951.64</u>
Budget Totals	3,052,139.08	74,000.00	3,276,565.04	150,425.96
Nonbudget Revenue			<u>153,653.83</u>	<u>153,653.83</u>
	<u>\$ 3,052,139.08</u>	<u>\$ 74,000.00</u>	<u>\$ 3,430,218.87</u>	<u>\$ 304,079.79</u>

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

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections of Current Taxes \$ 10,040,115.65

Allocated to:

Local School District Taxes \$ 6,572,446.00

County Taxes 2,282,727.50

8,855,173.50

Balance for Support of Municipal Budget Appropriations 1,184,942.15

Add: Appropriation "Reserve for Uncollected Taxes" 455,000.00

Realized for Support of Municipal Budget \$ 1,639,942.15

Interest on Investments and Deposits:

Cash Received \$ 6,476.87

Receipts from Delinquent Taxes:

Delinquent Tax Collections \$ 210,508.39

Tax Title Lien Collections 40,210.75

\$ 250,719.14

Analysis of Nonbudget Revenue:

Treasurer:

Sussex County PILOT Program \$ 3,661.00

Cell Tower Lease 23,466.72

Equipment Auction 48,880.00

Bulky Waste Fees 690.00

Tax Assessor Fees 50.00

Senior Citizens and Veterans Deductions' Administrative Fee 530.00

Municipal Clerk Receipts 2,339.00

Vacant and Abandoned Property Registration Fees 52,750.00

Other Miscellaneous 21,187.11

\$ 153,553.83

Tax Collector:

Miscellaneous 100.00

\$ 153,653.83

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

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Appropriations Within "CAPS":					
GENERAL GOVERNMENT:					
Vital Statistics:					
Salaries & Wages	\$ 1,700.00	\$ 1,700.00	\$ 1,132.08	\$ 567.92	
Other Expenses	150.00	150.00	92.50	57.50	
Mayor and Committee:					
Salaries & Wages	16,000.00	16,000.00	15,467.52	532.48	
Other Expenses	500.00	500.00	295.00	205.00	
Municipal Clerk:					
Salaries & Wages	139,000.00	133,000.00	119,397.75	13,602.25	
Other Expenses	64,000.00	64,000.00	42,519.65	21,480.35	
Financial Administration:					
Salaries & Wages	42,230.00	38,470.00	29,605.15	8,864.85	
Other Expenses	3,000.00	3,000.00	2,611.46	388.54	
Other Expenses - Grant Writer	4,000.00	7,585.00	7,585.00		
Audit Services	31,350.00	31,350.00	20,840.00	10,510.00	
Computer Services	15,000.00	15,000.00	6,010.04	8,989.96	
Collection of Taxes:					
Other Expenses	34,000.00	36,000.00	35,791.50	208.50	
Liquidations of Tax Title Liens:					
Other Expenses	10,000.00	10,000.00	2,500.00	7,500.00	
Assessment of Taxes:					
Salaries & Wages	29,000.00	29,000.00	28,682.30	317.70	
Other Expenses	2,500.00	2,500.00	1,999.15	500.85	
Legal Services and Costs:					
Other Expenses	70,000.00	70,000.00	44,205.85	25,794.15	
Engineering Services and Costs:					
Other Expenses	15,000.00	15,000.00	14,386.23	613.77	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Salaries and Wages	10,500.00	10,500.00	10,250.16	249.84	
Other Expenses- Miscellaneous	1,000.00	1,000.00	737.51	262.49	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Appropriations Within "CAPS":					
PUBLIC SAFETY:					
Constable:					
Salaries & Wages	\$ 2,900.00	\$ 2,900.00	\$ 2,804.16	\$ 95.84	
"911" Dispatching Communication:					
Other Expenses	13,722.00	13,722.00	13,722.00		
Emergency Management Systems:					
Salaries & Wages	5,200.00	5,200.00	5,082.00	118.00	
Other Expenses	1,000.00	1,000.00		1,000.00	
Other Expenses - First Responders	10,000.00	10,000.00	5,186.06	4,813.94	
Salaries & Wages - Flood Mitigation	2,600.00	2,600.00	2,541.12	58.88	
Other Expenses - Flood Mitigation	200.00	200.00		200.00	
Fire:					
Montague Fire Department - Other Expenses	60,000.00	60,000.00	59,210.38	789.62	
Other Expenses - Fire Truck Repairs	20,000.00	20,000.00	15,089.67	4,910.33	
First Aid Squad Contributions	50,000.00	50,000.00	50,000.00		
Uniform Safety Act (Ch.383 P.L. 1983):					
Fire Official:					
Salaries & Wages	9,800.00	9,800.00	9,640.08	159.92	
Other Expenses	9,500.00	9,675.00	6,540.00	3,135.00	
Fire Prevention:					
Other Expenses	1,000.00	1,000.00	839.16	160.84	
Public Safety:					
Other Expenses	12,000.00	12,000.00	11,919.36	80.64	
PUBLIC WORKS FUNCTIONS:					
Road Repairs and Maintenance:					
Salaries & Wages	225,000.00	225,000.00	214,741.72	10,258.28	
Other Expenses	104,500.00	104,500.00	65,716.36	38,783.64	
Other Expenses - Various Roads	55,000.00	55,000.00	42,232.70	12,767.30	
Snow Removal:					
Salaries & Wages	25,000.00	25,000.00	25,000.00		
Other Expenses	60,000.00	60,000.00	60,000.00		



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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Appropriations Within "CAPS":					
PUBLIC WORKS FUNCTIONS: (CONTD)					
Sanitation:					
Salaries & Wages - Recycling	\$ 2,000.00	\$ 2,400.00	\$ 2,061.18	\$ 338.82	
Other Expenses - Garbage Collection / Recycling	15,000.00	14,600.00	12,199.97	2,400.03	
Public Buildings and Grounds:					
Salaries & Wages	18,000.00	18,000.00	13,817.59	4,182.41	
Other Expenses	50,000.00	50,000.00	44,824.66	5,175.34	
HEALTH & WELFARE:					
Board of Health:					
Salaries & Wages	2,700.00	2,700.00	1,164.13	1,535.87	
Animal Regulation:					
Other Expenses	13,000.00	13,000.00	12,002.00	998.00	
RECREATION & EDUCATION:					
Youth Activities:					
Other Expenses	18,000.00	18,000.00	16,312.07	1,687.93	
Contributions to Senior Citizen Center	4,500.00	4,500.00	4,500.00		
Historic Preservation Society Committee:					
Other Expenses	4,700.00	4,700.00	4,700.00		
INSURANCE (NJSA 40A:4-45.3(00)):					
Other Insurance Premiums	69,000.00	69,000.00	67,818.36	1,181.64	
Workers Compensation Insurance	20,000.00	20,000.00	19,627.32	372.68	
Group Insurance Plan for Employees	131,293.00	135,293.00	133,548.51	1,744.49	
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries & Wages	17,500.00	17,500.00	15,875.46	1,624.54	
Other Expenses	19,000.00	19,000.00	13,860.83	5,139.17	
Other Expenses-Contractual	58,000.00	58,000.00	57,543.28	456.72	
Fire Sub-Code Official:					
Salaries & Wages	7,100.00	7,100.00	6,999.12	100.88	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Appropriations Within "CAPS":					
UNIFORM CONSTRUCTION CODE: (CONTD)					
Code Enforcement Official:					
Salaries & Wages	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00		
Other Expenses	1,500.00	1,500.00	338.26	\$ 1,161.74	
UNCLASSIFIED:					
Celebration of Public Events, Anniversaries or Holidays:					
Other Expenses	2,500.00	2,500.00	1,815.01	684.99	
Electricity	17,500.00	16,500.00	14,362.60	2,137.40	
Telephone	13,000.00	14,000.00	13,153.56	846.44	
Fuel Oil	25,000.00	25,000.00	20,700.13	4,299.87	
Gasoline/Diesel Fuel	30,000.00	30,000.00	21,957.37	8,042.63	
Fire Hydrant Contract	14,000.00	14,000.00	13,714.80	285.20	
Total Operations Within "CAPS"	1,736,645.00	1,736,645.00	1,514,269.83	222,375.17	
Detail:					
Salaries & Wages	583,230.00	573,870.00	531,261.52	42,608.48	
Other Expenses (Including Contingent)	1,153,415.00	1,162,775.00	983,008.31	179,766.69	

## TOWNSHIP OF MONTAGUE

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures - Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 63,191.00	\$ 63,191.00	\$ 63,191.00		
Social Security System (O.A.S.I.)	47,000.00	47,000.00	41,484.49	\$ 5,515.51	
Unemployment Compensation	5,000.00	5,000.00	5,000.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	115,191.00	115,191.00	109,675.49	5,515.51	
Total General Appropriations for Municipal Purposes Within "CAPS"	1,851,836.00	1,851,836.00	1,623,945.32	227,890.68	
Operations Excluded from "CAPS":					
Affordable Housing Administration:					
(N.J.S.A. 40A:45.3T)- Other Expenses	100.00	100.00		100.00	
Group Insurance Plan for Employees	21,707.00	21,707.00	21,707.00		
Joint Municipal Court:					
Other Expenses - Contractual	62,000.00	62,000.00	37,636.47	24,363.53	
Shared Service Agreement:					
Zoning Officer - Borough of Sussex	27,000.00	27,000.00	15,531.72	11,468.28	
Public and Private Programs Offset by Revenues:					
Recycling Tonnage Grant	7,374.30	7,374.30	7,374.30		
Matching Funds for Grants	20,000.00	20,000.00		20,000.00	
Clean Communities Grant	12,182.67	12,182.67	12,182.67		
Stormwater Management Grant					
(Added by N.J.S.A. 40A:4-87 + \$25,000.00)		25,000.00	25,000.00		
American Rescue Plan Firefighter Grant					
(Added by N.J.S.A. 40A:4-87 + \$49,000.00)		49,000.00	48,497.94	\$ 502.06	
Total Operations Excluded from "CAPS"	150,363.97	224,363.97	167,930.10	55,931.81	502.06
Detail:					
Other Expenses	150,363.97	224,363.97	167,930.10	55,931.81	502.06

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

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00		
Total Capital Improvements - Excluded from "CAPS"	375,000.00	375,000.00	375,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes and Capital Notes	155,000.00	155,000.00	155,000.00		
Interest on Notes	64,939.11	64,939.11	64,939.11		
Total Municipal Debt Service - Excluded from "CAPS"	219,939.11	219,939.11	219,939.11		
Total General Appropriations - Excluded from "CAPS"	745,303.08	819,303.08	762,869.21	\$ 55,931.81	\$ 502.06
Subtotal General Appropriations	2,597,139.08	2,671,139.08	2,386,814.53	283,822.49	502.06
Reserve for Uncollected Taxes	455,000.00	455,000.00	455,000.00		
Total General Appropriations	\$ 3,052,139.08	\$ 3,126,139.08	\$ 2,841,814.53	\$ 283,822.49	\$ 502.06

Ref. A

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

	<u>Ref</u>	<u>Analysis of</u>	
		<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>
Adopted Budget		\$ 3,052,139.08	
Appropriation by NJSA 40A:4-87		<u>74,000.00</u>	
		<u>\$ 3,126,139.08</u>	
Reserve for Uncollected Taxes			\$ 455,000.00
Encumbrances	A		32,699.82
Due to Federal and State Grant Fund			93,054.91
Cash Disbursed			<u>2,292,210.10</u>
			2,872,964.83
Less: Appropriation Refunds			<u>31,150.30</u>
			<u>\$ 2,841,814.53</u>

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

TOWNSHIP OF MONTAGUE  
COUNTY OF SUSSEX  
2023  
TRUST FUNDS

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

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Assessment Liens	B-3	<u>\$ 23,323.56</u>	<u>\$ 23,323.56</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-1	<u>3,050.58</u>	<u>3,962.03</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	470,224.12	519,867.69
Due from Current Fund	A	8,000.00	
		<u>478,224.12</u>	<u>519,867.69</u>
TOTAL ASSETS		<u>\$ 504,598.26</u>	<u>\$ 547,153.28</u>

TOWNSHIP OF MONTAGUE  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS  
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Trust Fund:			
Reserve for Assessments & Liens	B-4	\$ 23,323.56	\$ 23,323.56
Animal Control Fund:			
Prepaid Licenses		452.00	527.60
Prepaid Licenses - Due to State of New Jersey		78.00	107.40
Reserve for Animal Control Fund Expenditures	B-2	2,520.58	3,327.03
		<u>3,050.58</u>	<u>3,962.03</u>
Other Trust Funds:			
Due to Current Fund	A		81.96
Reserve for:			
Accrued Sick and Vacation		10,518.51	12,477.00
Road Openings		4,350.00	4,350.00
Unemployment Compensation		26,070.28	25,527.77
Monuments		1,420.00	1,420.00
Driveway Bonds		3,202.00	3,202.00
Recreation		12,834.13	8,798.63
Public Defender		5,991.70	5,991.70
Tax Sale Premiums		72,400.00	195,700.00
Fire Prevention		23,537.37	20,787.37
Council on Affordable Housing		89,875.47	78,929.44
Escrow		7,132.89	7,768.75
Revolving Loan		77,996.65	54,600.03
Storm Recovery		142,895.12	100,233.04
		<u>478,224.12</u>	<u>519,867.69</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 504,598.26	\$ 547,153.28

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



TOWNSHIP OF MONTAGUE  
COUNTY OF SUSSEX  
2023  
GENERAL CAPITAL FUND

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

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 840,782.91	\$ 660,787.02
New Jersey Department of Transportation Grant Receivable		54,340.00	47,625.00
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>1,473,000.00</u>	<u>1,628,000.00</u>
TOTAL ASSETS		<u><u>\$ 2,368,122.91</u></u>	<u><u>\$ 2,336,412.02</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 1,473,000.00	\$ 1,628,000.00
Improvement Authorizations:			
Funded	C-5	182,195.13	229,426.65
Capital Improvement Fund	C-6	674,367.71	378,005.37
Encumbrances Payable		30,498.00	88,959.00
Reserve for:			
Improvements to Municipal Building		4,521.00	4,521.00
Purchase of Emergency Management Equipment		2,500.00	2,500.00
Fund Balance	C-1	<u>1,041.07</u>	<u>5,000.00</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 2,368,122.91</u></u>	<u><u>\$ 2,336,412.02</u></u>

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

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

	<u>Ref</u>	
Balance December 31, 2022	C	\$ 5,000.00
Increased by:		
Fully Funded Improvement Authorization Cancelled		1,041.07
		<u>6,041.07</u>
Decreased by:		
Realized as Revenue in Current Fund Budget		5,000.00
		<u>5,000.00</u>
Balance December 31, 2023	C	<u><u>\$ 1,041.07</u></u>

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

TOWNSHIP OF MONTAGUE  
COUNTY OF SUSSEX  
2023  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2023	2022
<u>ASSETS</u>		
Construction in Progress	\$ 2,477,755.08	\$ 2,477,215.08
Land and Buildings	2,317,285.46	2,293,485.46
Equipment and Vehicles	3,232,515.50	3,444,918.50
TOTAL ASSETS	<u>\$ 8,027,556.04</u>	<u>\$ 8,215,619.04</u>
<u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 8,027,556.04</u>	<u>\$ 8,215,619.04</u>
TOTAL RESERVES	<u>\$ 8,027,556.04</u>	<u>\$ 8,215,619.04</u>

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

TOWNSHIP OF MONTAGUE  
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 Montague include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Montague, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Montague do not include the operations of the Volunteer Fire Company.

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 Montague 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 Montague accounts for its financial transactions through the following separate funds:

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

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

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

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

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

B. Description of Funds (Cont'd)

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

C. Basis of Accounting

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

The following is a summary of significant accounting policies.

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. Federal and state grants are generally recognized when budgeted in the Current Fund and when improvements are authorized in the General Capital Fund. 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.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to

TOWNSHIP OF MONTAGUE  
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)

accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor and the Township's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

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

- D. Deferred Charges to Future Taxation – The General 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 the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans, or by 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.

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

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

Grants Receivable - Grants receivable represent the total grant 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.

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



TOWNSHIP OF MONTAGUE  
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)

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

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

General Fixed Assets – 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 added 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 and General Capital Funds. The values recorded in the general fixed assets account group and the Current and General 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.

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

Note 2: Long-Term Debt

Summary of Municipal 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 MONTAGUE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2023	2022	2021
<u>Issued</u>			
General:			
Bonds and Notes	<u>\$ 1,473,000.00</u>	<u>\$ 1,628,000.00</u>	<u>\$ 1,823,000.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 1,473,000.00</u>	<u>\$ 1,628,000.00</u>	<u>\$ 1,823,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.338%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$ 1,473,000.00</u>		<u>\$ 1,473,000.00</u>
	<u>\$ 1,473,000.00</u>	<u>\$ -0-</u>	<u>\$ 1,473,000.00</u>

Net Debt \$1,473,000 divided by Average Equalized Valuations of \$435,818,654.67 of Real Property = 0.338%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 15,253,652.91
Net Debt	<u>1,473,000.00</u>
Remaining Borrowing Power	<u>\$ 13,780,652.91</u>

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

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

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

<u>Fund</u>	<u>Balance 12/31/2021</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance 12/31/2022</u>
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 1,823,000.00</u>	<u>\$ 1,628,000.00</u>	<u>\$ 1,823,000.00</u>	<u>\$ 1,628,000.00</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

<u>Fund</u>	<u>Balance 12/31/2022</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance 12/31/2023</u>
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 1,628,000.00</u>	<u>\$ 1,473,000.00</u>	<u>\$ 1,628,000.00</u>	<u>\$ 1,473,000.00</u>

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

General Capital Fund Bond Anticipation Notes

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2023</u>
Construction of a Firehouse, Community Center and Emergency Center	9/24/2024	5.58%	<u>\$ 1,473,000.00</u>
Total Debt Issued and Outstanding			<u>\$ 1,473,000.00</u>

Note 3: Fund Balance Appropriated

The amount of fund balance at December 31, 2023, which has been included in the introduced budget for Current Fund for the year ending December 31, 2024 is \$612,850.

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Montague has elected not to defer school taxes.

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

Note 5: 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.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

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

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

Note 5: Pension Plans (Cont'd)

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

Contributions (Cont'd)

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 State's fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Township contributions to PERS amounted to \$63,191 for 2023.

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 \$756,227 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Township's proportion was 0.005%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2021. The Township has rolled forward the

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

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

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.

For the year ended December 31, 2023, the Township recognized actual pension expense in the amount of \$63,191.

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

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

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

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

Discount Rate

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

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

Note 5: Pension Plans (Cont'd)

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

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed 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%	At Current	At 1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Township's proportionate share of the Net Pension Liability	\$ 971,531	\$ 756,227	\$ 572,996

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 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue unused sick and vacation pay, which may be taken as time off or paid upon retirement or separation at the employee's current rate. It is estimated that the current cost of such compensation is \$20,160.68. This amount is not reported either as an expenditure or liability. Such compensation would be included in the Township's budget operating expenditures in the year it is paid. This amount is partially reserved in the Reserve for Accrued Sick and Vacation of \$10,518.51 on the Trust Funds balance sheet at December 31, 2023.

Note 7: Selected Tax Information

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



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

Note 7: Selected Tax Information (Cont'd)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	\$ 2.89	\$ 2.89	\$ 2.94
<u>Apportionment of Tax Rate</u>			
Municipal	.43	.42	.42
County	.63	.64	.64
Local School	1.83	1.83	1.88
<u>Assessed Valuations</u>			
2023	<u>\$ 359,926,000.00</u>		
2022		<u>\$ 357,386,500.00</u>	
2021			<u>\$ 355,853,800.00</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	\$ 10,432,092.78	\$ 10,040,115.65	96.24%
2022	10,374,137.67	10,043,331.80	96.81%
2021	10,487,918.61	10,143,632.23	96.71%

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

Note 8: Cash and Cash Equivalents

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

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

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

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

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

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

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

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

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund.

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

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

In addition to the above collateral requirement, if the 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;

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

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

Investments (Cont'd)

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

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

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

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

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Totals</u>
Current	\$ 250.00	\$ 3,255,777.87	\$ 2,020.31	\$ 3,258,048.18
Other Trust		470,224.12		470,224.12
Animal Control		3,050.58		3,050.58
General Capital		830,382.82	10,400.09	840,782.91
	<u>\$ 250.00</u>	<u>\$ 4,559,435.39</u>	<u>\$ 12,420.40</u>	<u>\$ 4,572,105.79</u>

The carrying amount of the Township's cash and cash equivalents at year end was \$4,572,105.79 and the bank balance was \$4,517,232.15. The \$12,420.40 in the NJ Cash Management Fund is uninsured and unregistered. During the year ended December 31, 2023, the Township did not hold any investments.

Note 9: 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/annual-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.

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

Note 9: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Benefits Provided (Cont'd)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

The 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 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.

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

Note 9: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Allocation Methodology (Cont'd)

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.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

At June 30, 2022, the Township had a liability of \$1,519,838 for its proportionate share of the net OPEB liability. At June 30, 2022, the Township's proportion was 0.00941% which was a decrease of 0.00101% 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 \$103,881.

The Township's actual post retirement payments in 2023 for 1 retired employee was \$4,612.56.

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 Employee's 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.

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
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TOWNSHIP OF MONTAGUE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
(Continued)

Note 9: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

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.

Discount Rate

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

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

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

	June 30, 2022		
	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability Attributable to the Township	\$ 1,761,798	\$ 1,519,838	\$ 1,325,158

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

Note 9: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

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

The table on the following page 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%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Township's proportionate share of the Net OPEB Liability	\$ 1,289,324	\$ 1,519,838	\$ 1,815,061

Note 10: Risk Management

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

The Township of Montague is currently a member of the Statewide Insurance Fund (the "Fund"). This Fund provides their members with Liability, Property and Workers' Compensation Insurance.

The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for 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 are elected.

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

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

The December 31, 2023 audit report of 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 in the table on the following page:



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

Note 10: Risk Management (Cont'd)

	Statewide Insurance Fund
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

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

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

New Jersey Unemployment Compensation Insurance

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

Year	Township Contributions	Interest Earnings	Employee Contributions	Amount Reimbursed	Ending Balance
2023	\$ 2,380.65	\$ -0-	\$ 1,355.90	\$ 3,194.04	\$ 26,070.28
2022	-0-	-0-	1,352.16	119.90	25,527.77
2021	4,441.89	-0-	1,124.88	133.60	24,295.51

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

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 343,005.11
Federal and State Grant Fund	\$ 335,005.11	
Other Trust Funds	8,000.00	
	<u>\$ 343,005.11</u>	<u>\$ 343,005.11</u>

The interfund receivable in the Federal and State Grant Fund and the interfund payable in the Current Fund is due to the normal timing difference between the disbursement and receipt of grant funds. The interfund receivable in the Other Trust Funds and the interfund payable in the Current Fund is due to a transfer to the Reserve for Accrued Sick and Vacation in the Other Trust Funds which is due from the Current Fund.

Note 12: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, which can include 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 its 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.

The Township has been advised that a state tax appeal has been filed. The potential refund on this tax appeal could be as much as \$54,000. A reserve for pending tax appeals, which the Township feels is sufficient, of \$54,135.86 has been recorded as of December 31, 2022.

Note 13: Economic Dependency

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

Note 14: Deferred Compensation

The Township of Montague offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by Nationwide Retirement Solutions, is available to all Township employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

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

Note 15: Fixed Assets

The following is a schedule of the Township of Montague's fixed assets for the years ended December 31, 2023 and 2022:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Construction in Progress	\$ 2,477,215.08	\$ 540.00		\$ 2,477,755.08
Land and Buildings	2,293,485.46	23,800.00		2,317,285.46
Equipment and Vehicles	3,444,918.50	38,097.00	\$ (250,500.00)	3,232,515.50
	<u>\$ 8,215,619.04</u>	<u>\$ 62,437.00</u>	<u>\$ (250,500.00)</u>	<u>\$ 8,027,556.04</u>
	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Construction in Progress	\$ 2,465,585.98	\$ 11,629.10		\$ 2,477,215.08
Land and Buildings	2,494,385.46		\$ (200,900.00)	2,293,485.46
Equipment and Vehicles	3,163,508.00	281,410.50		3,444,918.50
	<u>\$ 8,123,479.44</u>	<u>\$ 293,039.60</u>	<u>\$ (200,900.00)</u>	<u>\$ 8,215,619.04</u>

Note 16: Leases

The Township entered into a lease agreement on May 8, 2014 for the lease of portion of the Township's property to a wire carrier to construct, operate and maintain a 150 foot tall monopole along with wireless telecommunication equipment, together with a non-exclusive easement. The lease agreement was amended three times with the current lease term to have ended May 31, 2026. The current lease agreement had an initial monthly installment of \$1,667.67. The lease payments per the amended agreement escalate by 10% at the beginning of each 5 year renewal term. The amount of lease payments received by the Township in 2023 were \$23,466.72.

The Township sold the easement under the Township's leasehold rights for the wireless tower situated on the Township's property on February 28, 2023 for \$1,097,166.66. Once the sale was finalized no lease payments were due to the Township. The agreement for the sale was finalized during July 2023.

TOWNSHIP OF MONTAGUE

SUPPLEMENTARY DATA

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

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
George Zitone	Mayor	
James LeDonne	Deputy Mayor	
Fred Merusi	Committeeperson	
Richard Innella	Committeeperson	
Joseph Krumpfer	Committeeperson	
Eileen DeFabiis	Municipal Clerk (Until June 1, 2023)	(A)
Dana Klinger	Municipal Clerk/Administrator (As of June 1, 2023)	(A)
Dana Klinger	Deputy Municipal Clerk (Until June 1, 2023)	(A)
Lynda Familant	Deputy Municipal Clerk (As of June 1, 2023)	(A)
Sharon Yarosz	Chief Financial Officer/Treasurer	(A)
Theresa Schlosser	Tax Collector and Tax Search Officer	(A)
Jason Laliker	Tax Assessor	(A)
Bob Huber	Construction Official and Building Inspector	(A)
George Hutnick	Code Enforcement Official/ Zoning Official	(A)
Harold E. Pellow & Associates, Inc.	Township Engineer	
Robert J. Rossmeissl	Attorney	

(A) - A faithful performance blanket bond for \$250,000, issued by Statewide Insurance Fund, was in effect for all employees.

The surety bond was examined and appeared to be properly executed.

TOWNSHIP OF MONTAGUE  
COUNTY OF SUSSEX  
2023  
CURRENT FUND

TOWNSHIP OF MONTAGUE  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 2,183,691.17
Increased by Receipts:		
Tax Collector	\$ 10,627,290.89	
Revenue Accounts Receivable	539,796.89	
Miscellaneous Revenue Not Anticipated	153,553.83	
Interest on Investments and Deposits	6,476.87	
Due to Federal and State Grant Fund:		
Unappropriated Grant Reserves	13,664.26	
Grant Fund Receivable	80,872.24	
Due from Other Trust Funds:		
Settlement of Prior Year Interfund	81.96	
Due to/from State of New Jersey:		
Veterans' and Senior Citizens' Deductions	26,500.00	
Marriage License Fees	400.00	
DCA Training Fees	3,960.00	
Reserve for:		
Sale of Municipal Assets	1,097,166.66	
Municipal Relief Fund	26,443.39	
Garden State Trust Fund	28,552.00	
Appropriation Refunds	31,150.30	
		12,635,909.29
		14,819,600.46
Decreased by Disbursements:		
2023 Budget Appropriations	2,292,210.10	
2022 Appropriation Reserves	76,817.59	
Tax Overpayments Refunded	4,632.65	
Due from Federal and State Grant Fund:		
Appropriated Grant Reserves	163,569.98	
Due to State of New Jersey:		
Marriage License Fees	250.00	
DCA Training Fees	3,587.00	
Local School District Taxes	6,572,446.00	
County Taxes	2,282,727.50	
Reserve for Redemption of Outside Liens	154,866.46	
Accounts Payable	3,595.00	
Other Encumbrance Payable	7,100.00	
		11,561,802.28
Balance December 31, 2023	A	\$ 3,257,798.18

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

Increased by Receipts:

Taxes Receivable	\$ 10,085,290.52	
Interest and Costs on Taxes	65,850.48	
2024 Prepaid Taxes	157,325.13	
Tax Overpayments	78,745.57	
Tax Title Lien Redemption	40,210.75	
Outside Lien Redemption	175,368.44	
Tax Collector Miscellaneous	100.00	
Other Encumbrances Payable:		
Tax Sale Premiums	24,400.00	
	<hr/>	<hr/>
		\$ 10,627,290.89

Decreased by:

Disbursed to Municipal Treasurer		<hr/> <hr/>
		\$ 10,627,290.89

CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE



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

Year	Balance Dec. 31, 2022	2023 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2023
			2022	2023				
2022	\$ 211,172.48			\$ 210,508.39	\$ (250.00)		\$ 63.92	\$ 850.17
2023		\$10,432,092.78	\$ 138,907.49	9,874,782.13	26,426.03	\$ 95,724.92	104,486.53	191,765.68
	<u>\$ 211,172.48</u>	<u>\$10,432,092.78</u>	<u>\$ 138,907.49</u>	<u>\$ 10,085,290.52</u>	<u>\$ 26,176.03</u>	<u>\$ 95,724.92</u>	<u>\$ 104,550.45</u>	<u>\$ 192,615.85</u>

Ref. A

Analysis of 2023 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 10,409,060.52
Added and Omitted Taxes (54:4-63.1 et.seq.)	<u>23,032.26</u>
	<u>\$ 10,432,092.78</u>

Tax Levy:

Local School District Taxes	\$ 6,572,446.00
County Taxes	\$2,277,674.44
Due County for Added and Omitted Taxes	<u>5,053.06</u>
	<u>2,282,727.50</u>
	<u>8,855,173.50</u>

Local Tax for Municipal Purposes Levied  
Add: Additional Tax Levied

	<u>1,556,990.51</u>
	<u>19,928.77</u>
	<u>1,576,919.28</u>
	<u>\$ 10,432,092.78</u>

TOWNSHIP OF MONTAGUE  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 1,037,566.14
Increased by:		
Transfer from Taxes Receivable		104,550.45
		<u>1,142,116.59</u>
Decreased by:		
Cash Received	\$ 40,210.75	
Cancelled - Property Acquired for Taxes	<u>1,667.31</u>	
		<u>41,878.06</u>
Balance December 31, 2023	A	<u>\$ 1,100,238.53</u>

TOWNSHIP OF MONTAGUE  
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:		
Licenses:		
Alcoholic Beverages	\$ 3,456.00	\$ 3,456.00
Fees and Permits	25,106.00	25,106.00
Municipal Court:		
Fines and Costs	13,688.27	13,688.27
Energy Receipts Tax	255,272.42	255,272.42
Uniform Fire Safety Act	14,055.42	14,055.42
Garden State Trust Fund	123,371.00	123,371.00
Uniform Construction Code Fees	74,821.00	74,821.00
Shared Service Agreement:		
Zoning Officer - Borough of Sussex	25,026.78	25,026.78
Capital Fund Balance	5,000.00	5,000.00
	<u>\$ 539,796.89</u>	<u>\$ 539,796.89</u>

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

NOT APPLICABLE

TOWNSHIP OF MONTAGUE  
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:				
Vital Statistics:				
Salaries & Wages	\$ 88.00	\$ 88.00		\$ 88.00
Other Expenses	64.00	64.00		64.00
Mayor and Committee:				
Salaries & Wages	127.20	127.20		127.20
Other Expenses	1,000.00	1,000.00		1,000.00
Municipal Clerk:				
Salaries & Wages	2,797.95	2,797.95		2,797.95
Other Expenses	17,831.92	17,831.92	\$ 5,182.69	12,649.23
Financial Administration:				
Salaries & Wages	1,253.06	1,253.06		1,253.06
Other Expenses	1,473.21	1,473.21		1,473.21
Other Expenses-Grant Writer	1,050.00	1,050.00	1,050.00	
Audit Services	9,810.00	9,810.00	9,810.00	
Computer Services	636.55	636.55	126.49	510.06
Collection of Taxes:				
Salaries & Wages				
Other Expenses	969.94	969.94		969.94
Liquidations of Tax Title Liens:				
Other Expenses	8,336.14	8,336.14		8,336.14
Assessment of Taxes:				
Salaries & Wages	482.67	482.67		482.67
Other Expenses	537.49	537.49		537.49
Legal Service Costs:				
Other Expenses	3,716.42	5,630.54	5,630.54	
Engineering Services and Costs:				
Other Expenses	52.50	52.50		52.50
LAND USE ADMINISTRATION:				
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Salaries & Wages	143.92	143.92		143.92
Other Expenses - Miscellaneous	444.16	444.16		444.16
PUBLIC SAFETY:				
Constable:				
Salaries & Wages	4.08	4.08		4.08
Emergency Management Systems:				
Salaries & Wages	112.88	112.88		112.88
Other Expenses	71.00	71.00		71.00
Other Expenses - First Responders	1,101.07	1,101.07	1,101.07	
Salaries & Wages - Flood Mitigation	57.04	57.04		57.04
Other Expenses - Flood Mitigation	200.00	200.00		200.00
Fire:				
Montague Fire Department - Other Expenses	10,249.11	10,249.11	8,562.10	1,687.01
Other Expenses - Fire Truck Repairs	1,147.50	1,147.50	1,119.99	27.51
Fire Official:				
Salaries & Wages	230.96	230.96		230.96
Other Expenses	2,281.75	2,281.75	1,562.39	719.36
Fire Prevention:				
Other Expenses	1,282.60	1,282.60		1,282.60
Public Safety:				
Other Expenses	80.64	80.64		80.64

TOWNSHIP OF MONTAGUE  
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
<b>PUBLIC WORKS FUNCTIONS:</b>				
Road Repairs and Maintenance:				
Salaries & Wages	\$ 21,813.92	\$ 19,899.80	\$ 8,000.00	\$ 11,899.80
Other Expenses	22,099.93	22,099.93	7,465.39	14,634.54
Other Expenses - Various Roads	7,478.70	7,478.70		7,478.70
Snow Removal:				
Salaries & Wages	2,105.97	2,105.97		2,105.97
Other Expenses	8,840.82	8,840.82	8,840.82	
Sanitation:				
Salaries & Wages - Recycling	137.92	100.37		100.37
Other Expenses - Garbage Collection/ Recycling	137.45	175.00	175.00	
Public Buildings and Grounds:				
Salaries & Wages	2,502.06	2,502.06		2,502.06
Other Expenses	2,795.64	2,795.64	2,103.81	691.83
<b>HEALTH &amp; WELFARE:</b>				
Board of Health:				
Salaries & Wages	158.00	158.00		158.00
Animal Regulation:				
Other Expenses	231.00	231.00		231.00
<b>RECREATION AND EDUCATION:</b>				
Youth Activities:				
Other Expenses	1,100.73	1,100.73	377.70	723.03
<b>INSURANCE (NJSA 40A:4-45.3(00)):</b>				
Other Insurance Premiums	1,020.00	1,020.00		1,020.00
Workers Compensation Insurance	2,638.00	2,638.00		2,638.00
Group Insurance Plan for Employee	34.63	34.63		34.63
<b>UNIFORM CONSTRUCTION CODE:</b>				
Construction Official:				
Salaries & Wages	3,861.38	3,861.38		3,861.38
Other Expenses	2,325.23	2,325.23	443.30	1,881.93
Other Expenses-Contractual	456.72	456.72		456.72
Fire Sub-Code Official:				
Salaries & Wages	69.92	69.92		69.92
Code Enforcement Official:				
Salaries & Wages	370.77	370.77		370.77
Other Expenses	658.18	658.18	602.49	55.69
<b>UNCLASSIFIED:</b>				
Celebration of Public Events, Anniversaries or Holidays:				
Other Expenses		147.43	147.43	
Electricity	5,355.38	4,010.52	1,187.28	2,823.24
Telephone	1,853.48	1,853.48	879.48	974.00
Fuel Oil	3,405.53	4,168.46	4,168.46	
Gasoline/ Diesel Fuel	299.02	299.02	299.02	
Fire Hydrant Contract	699.50	1,134.00	1,134.00	
<b>Statutory Expenditures:</b>				
Contribution to:				
Social Security System (O.A.S.I.)	865.16	865.16		865.16
Unemployment Compensation	3,525.74	3,525.74		3,525.74

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

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operations Excluded from "CAPS":				
Affordable Housing Administration:				
(N.J.S.A. 40A:45.3T)- Other Expenses	\$ 100.00	\$ 100.00		\$ 100.00
Joint Municipal Court:				
Other Expenses - Contractual	<u>17,358.59</u>	<u>17,358.59</u>	<u>\$ 14,848.14</u>	<u>2,510.45</u>
	<u>\$ 181,933.13</u>	<u>\$ 181,933.13</u>	<u>\$ 84,817.59</u>	<u>\$ 97,115.54</u>
<u>Ref.</u>				
<u>Analysis of Balance December 31, 2022:</u>				
Unencumbered	A \$ 166,458.80			
Encumbered	A <u>15,474.33</u>			
	<u>\$ 181,933.13</u>			
Cash Disbursed			\$ 76,817.59	
Due to Other Trust Funds - Reserve for				
Accrued Sick and Vacation			<u>8,000.00</u>	
			<u>\$ 84,817.59</u>	

TOWNSHIP OF MONTAGUE  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2023

Increased by:

Levy - Calendar Year 2023

\$ 6,572,446.00

Decreased by:

Payments to Local School District

\$ 6,572,446.00



TOWNSHIP OF MONTAGUE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2023

	2023 Budget Revenue Realized	Grant Funds Received	Transferred from Unappropriated Reserves
Clean Communities Grant	\$ 12,182.67		\$ 12,182.67
Recycling Tonnage Grant	7,374.30	\$ 7,374.30	
American Rescue Plan - Firefighter Grant	48,497.94	48,497.94	
Stormwater Management Grant	25,000.00	25,000.00	
	<u>\$ 93,054.91</u>	<u>\$ 80,872.24</u>	<u>\$ 12,182.67</u>

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

	Balance Dec. 31, 2022	Prior Year Encumbrances Returned	Transferred from 2023 Budget Appropriations	Expended in Current Fund	Encumbrances Payable	Balance Dec. 31, 2023
Municipal Court Alcohol Rehabilitation	\$ 587.95					\$ 587.95
Recycling Tonnage Grant	6,653.93	\$ 20.00	\$ 7,374.30	\$ 4,745.04	\$ 573.75	8,729.44
Clean Communities Grant	2,400.95	135.00	12,182.67	9,918.86		4,799.76
American Rescue Plan Grant	337,449.39	44,381.50		100,000.00		281,830.89
American Rescue Plan - Firefighter Grant			48,497.94	33,321.37	15,176.57	
Stormwater Management Grant			25,000.00	15,584.71	8,328.00	1,087.29
	<u>\$ 347,092.22</u>	<u>\$ 44,536.50</u>	<u>\$ 93,054.91</u>	<u>\$ 163,569.98</u>	<u>\$ 24,078.32</u>	<u>\$ 297,035.33</u>

Ref.

A

A

A

A

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

	Balance Dec. 31, 2022	Transferred to 2023 Budget Revenue	Received in Current Fund	Balance Dec. 31, 2023
Municipal Court Alcohol Rehabilitation	\$ 227.20			\$ 227.20
Clean Communities	12,182.67	\$ 12,182.67	\$ 13,664.26	13,664.26
	<u>\$ 12,409.87</u>	<u>\$ 12,182.67</u>	<u>\$ 13,664.26</u>	<u>\$ 13,891.46</u>
<u>Ref.</u>	A			A

TOWNSHIP OF MONTAGUE  
COUNTY OF SUSSEX  
2023  
TRUST FUNDS

TOWNSHIP OF MONTAGUE  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

		<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
	<u>Ref.</u>		
Balance December 31, 2022	B	\$ 3,962.03	\$ 519,867.69
Increased by Receipts:			
Animal Control License Fees		\$ 2,522.00	
Late Fees		108.00	
Replacement License Fee		2.00	
State Registration Fees		483.00	
Prepaid Licenses		452.00	
Prepaid Licenses - Due to State of New Jersey		78.00	
Recreation			\$ 5,413.50
Tax Sale Premiums			26,800.00
Unemployment Contributions:			
Employee			1,355.90
Employer			2,380.65
Escrow Deposits			17,838.49
Fire Prevention			2,750.00
Revolving Loan Deposits			23,396.62
Council on Affordable Housing			10,946.03
Storm Recovery			63,701.11
		<u>3,645.00</u>	<u>154,582.30</u>
		7,607.03	674,449.99
Decreased by Disbursements:			
Due to State of New Jersey		590.40	
Administrative Expenditures		3,966.05	
Tax Sale Premiums			150,100.00
Unemployment Compensation			3,194.04
Accrued Sick and Vacation			9,958.49
Recreation Expenses			1,378.00
Escrow Deposits Refunds/Expenses			18,474.35
Storm Recovery			21,039.03
Due to Current Fund: Settlement of Prior Year Interfund			81.96
		<u>4,556.45</u>	<u>204,225.87</u>
Balance December 31, 2023	B	<u>\$ 3,050.58</u>	<u>\$ 470,224.12</u>

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

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 3,327.03
Increased by:		
Animal Control License Fees:		
Collected in Current Year		\$ 2,522.00
Prepaid License Fees Applied		527.60
Late Fees		108.00
Replacement Fees		2.00
		<u>3,159.60</u>
		6,486.63
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>3,966.05</u>
Balance December 31, 2023	B	<u><u>\$ 2,520.58</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2022	\$ 2,418.80
2021	2,916.80
	<u>5,335.60</u>
Maximum Allowable Reserve	<u><u>\$ 5,335.60</u></u>

TOWNSHIP OF MONTAGUE  
ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENT LIENS

<u>Improvement Description</u>	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2023</u>
Improvements to Various Roads	\$ 23,323.56	\$ 23,323.56
	<u>Ref.</u> B	B

TOWNSHIP OF MONTAGUE  
ASSESSMENT TRUST FUND  
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>Improvement Description</u>	<u>Balance Dec. 31, 2022</u>	<u>Balance Dec. 31, 2023</u>
Improvements to Various Roads	\$ 23,323.56	\$ 23,323.56
	<u>Ref.</u> B	B



TOWNSHIP OF MONTAGUE  
COUNTY OF SUSSEX  
2023  
GENERAL CAPITAL FUND

TOWNSHIP OF MONTAGUE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 660,787.02
Increased by:		
2023 Budget Appropriations:		
Budget Appropriation - Payment of Bond Anticipation Notes	\$ 155,000.00	
Capital Improvement Fund	375,000.00	
Bond Anticipation Notes Issued	1,473,000.00	
New Jersey Department of Transportation Grant Receivable	<u>210,645.00</u>	
		<u>2,213,645.00</u>
		2,874,432.02
Decreased by:		
Improvement Authorization Expenditures	311,690.11	
Encumbrances Payable	88,959.00	
Bond Anticipation Notes	1,628,000.00	
Fund Balance Realized as Revenue in Current Fund Budget	<u>5,000.00</u>	
		<u>2,033,649.11</u>
Balance December 31, 2023	C	<u><u>\$ 840,782.91</u></u>

TOWNSHIP OF MONTAGUE  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	No.	Improvement Description	Receipts		Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2023	
			Balance/ (Deficit) Dec. 31, 2022	Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous		From
Fund Balance			\$ 5,000.00								
Capital Improvement Fund			378,005.37	\$ 375,000.00						\$ 1,041.07	\$ 1,041.07
Encumbrances Payable			88,959.00								674,367.71
New Jersey Department of Transportation Grant Receivable			(47,625.00)								30,498.00
Reserve for Improvements to Municipal Building			4,521.00			\$ 210,645.00					(54,340.00)
Reserve for Purchase of Emergency Management Equipment			2,500.00								4,521.00
											2,500.00
<hr/>											
			\$ 660,787.02	\$ 530,000.00	\$ 1,473,000.00	\$ 210,645.00	\$ 311,690.11	\$ 1,628,000.00	\$ 462,261.41	\$ 462,261.41	\$ 840,782.91
<hr/>											
06-12;		Addition to DPW Building - Garage and									
12-03		Renovations to Municipal Building	1,041.07						1,041.07		138.91
17-14		Purchase of Subdivision of Block 7 Lot 33	138.91								
17-16		Construction of a Firehouse, Community Center and									
		Emergency Shelter		155,000.00	\$ 1,473,000.00			\$ 1,628,000.00			
18-03		Repair and Resurfacing of Various Roads	1,718.23								1,718.23
19-13		Preliminary Planning Expenses for the Repair									
		of the Drainage on Grandview Terrace	3,553.42						3,553.42		
20-09		Buildout of the 3600 Square Foot Community Center Interior	34,514.92				\$ 270.00				
21-08		Resurfacing of New Mashipacong Road - Sections I & II	31,141.57						31,141.57		34,244.92
21-11		Repair and Resurfacing of Various Roads	30,350.20				30,350.20				
22-09		Repair and Resurfacing of Various Roads	14,300.98				14,300.98				
22-11		Resurfacing of New Mashipacong Road	32,267.35						32,267.35		
22-12		Architectural Services	10,000.00				8,835.00				1,165.00
22-15		Purchase of the Spatial Data Logic System	400.00						400.00		
22-16		Purchase of Road Equipment	70,000.00				26,500.00				43,500.00
23-08		Resurfacing of Weider Road					195,382.11		30,498.00	308,360.00	82,479.89
23-09		Repair and Resurfacing of Various Roads					36,051.82			55,000.00	18,948.18
<hr/>											

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

Ord. No.	Improvement Description	Balance Dec. 31, 2022	Funded by Budget Appropriations	Balance Dec. 31, 2023	Analysis of Balance December 31, 2023	
					Bond Anticipation Notes	Unexpended Improvement Authorizations
17-16	Construction of a Firehouse, Community Center and Emergency Shelter	\$ 1,628,000.00	\$ 155,000.00	\$ 1,473,000.00	\$ 1,473,000.00	
		<u>\$ 1,628,000.00</u>	<u>\$ 155,000.00</u>	<u>\$ 1,473,000.00</u>	<u>\$ 1,473,000.00</u>	<u>\$ -0-</u>

Ref.

C

C

TOWNSHIP OF MONTAGUE  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		2023 Authorizations		Improvement Authorizations Cancelled	Balance Dec. 31, 2023 Funded
		Date	Amount	Balance Dec. 31, 2022 Funded	Various Funding Sources		
				Encumbered	Cash Disbursed		
06-12;	Addition to DPW Building - Garage and	7/11/2006;					
12-03	Renovations to Municipal Building	5/18/2012	\$ 200,000.00	\$ 1,041.07		\$ 1,041.07	\$ 138.91
17-14	Purchase of Subdivision of Block 7 Lot 33	10/10/2017	20,000.00	138.91			1,718.23
18-03	Repair and Resurfacing of Various Roads	7/24/2018	150,000.00	1,718.23			
19-13	Preliminary Planning Expenses for the Repair of the Drainage on Grandview Terrace	7/23/2019	6,000.00	3,553.42		3,553.42	
20-09	Buildout of the 3600 Square Foot Community Center Interior	7/28/2020	237,000.00	34,514.92		\$ 270.00	34,244.92
21-08	Resurfacing of New Mashipacong Road - Sections I & II	5/11/2021	401,200.00	31,141.57		31,141.57	
21-11	Repair and Resurfacing of Various Roads	6/22/2021	140,000.00	30,350.20		30,350.20	
22-09	Repair and Resurfacing of Various Roads	6/14/2022	80,000.00	14,300.98		14,300.98	
22-11	Resurfacing of New Mashipacong Road	6/28/2022	270,500.00	32,267.35		32,267.35	
22-12	Architectural Services	6/28/2022	10,000.00	10,000.00		8,835.00	1,165.00
22-15	Purchase of the Spatial Data Logic System	9/13/2022	12,000.00	400.00		400.00	
22-16	Purchase of Road Equipment	10/25/2022	70,000.00	70,000.00		26,500.00	43,500.00
23-08	Resurfacing of Weider Road	6/13/2023	308,360.00	\$ 308,360.00	\$ 30,498.00	195,382.11	82,479.89
23-09	Repair and Resurfacing of Various Roads	6/13/2023	55,000.00	55,000.00		36,051.82	18,948.18
				\$ 229,426.65	\$ 30,498.00	\$311,690.11	\$ 182,195.13

Ref.



Capital Improvement Fund  
N.J. Department of Transportation

\$ 146,000.00
217,360.00
<u>\$ 363,360.00</u>

Capital Fund Balance  
Capital Improvement Fund

\$	1,041.07
	67,362.34
\$	<u>68,403.41</u>

TOWNSHIP OF MONTAGUE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 378,005.37
Increased by:		
Current Fund Budget Appropriation		\$ 375,000.00
Improvement Authorizations Cancelled		<u>67,362.34</u>
		442,362.34
		<u>820,367.71</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>146,000.00</u>
Balance December 31, 2023	C	<u><u>\$ 674,367.71</u></u>



TOWNSHIP OF MONTAGUE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023



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

Name of Federal Agency or Department	Name of Program	Assistance Listing Number	State Grant Award Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures
				From	To				
U.S. Department of Treasury: (Passed through New Jersey Department of Community Affairs)	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	100-022-8030-687-046010	03/03/21	12/31/24	#####		\$ 100,000.00	\$ 100,000.00
	COVID-19 - American Rescue Plan Act Firefighter Grant	21.027	100-022-8030-689-046180	01/01/23	12/31/24	49,000.00	\$ 48,497.94	33,321.37	33,321.37
TOTAL DEPT. OF TREASURY							48,497.94	133,321.37	133,321.37
TOTAL FEDERAL AWARDS							\$ 48,497.94	\$ 133,321.37	\$ 133,321.37

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

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

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
Department of Environmental Protection	Clean Communities Act	765-042-4900- 004-178910	01/01/21	12/31/23	\$ 11,984.94		\$ 2,535.95	\$ 11,984.94
			01/01/22	12/31/24	12,182.67		7,382.91	7,382.91
			01/01/23	12/31/24	13,664.26	\$ 13,664.26		
						<u>13,664.26</u>	<u>9,918.86</u>	<u>19,367.85</u>
	Recycling Tonnage	100-042-4910- 224-238490	01/01/21	12/31/23	7,815.37		412.91	7,815.37
			01/01/22	12/31/24	6,261.02		4,332.13	4,332.13
			01/01/23	12/31/24	7,374.30	7,374.30		
						<u>7,374.30</u>	<u>4,745.04</u>	<u>12,147.50</u>
Stormwater Management Grant		100-042-4850- 099-290400	01/01/23	12/31/24	25,000.00	25,000.00	15,584.71	15,584.71
Total Department of Environmental Protection						<u>46,038.56</u>	<u>30,248.61</u>	<u>47,100.06</u>
Department of Transportation	Transportation Trust Fund Authority Act:							
	Resurfacing of New Mashipacong Road - Section III	480-078-6320- AO1	01/01/22	12/31/23	190,500.00	47,625.00		190,500.00
	Resurfacing of Weider Road	480-078-6320- APF	01/01/23	12/31/24	217,360.00	163,020.00	195,382.11	195,382.11
Total Department of Transportation						<u>210,645.00</u>	<u>195,382.11</u>	<u>385,882.11</u>
TOTAL STATE AWARDS						<u>\$ 256,683.56</u>	<u>\$ 225,630.72</u>	<u>\$ 432,982.17</u>

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

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

A. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Township of Montague 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.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are presented using 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 allowed 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.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



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

Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Montague  
 Montague, 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 Montague, in the County of Sussex (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 June 4, 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,

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

described in the accompanying Schedule of Findings and Responses as Finding 2023-001, that we consider to be a significant deficiency.

### **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**

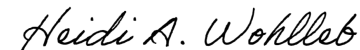
*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the other auditing procedures applied 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  
June 4, 2024

  
NISIVOCCIA LLP



Heidi A. Wohlleb  
Certified Public Accountant  
Registered Municipal Accountant No. 481

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- 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. 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. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of these collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds and the review of the quarterly payroll reports are performed by the Chief Financial Officer while the Finance/Payroll Clerk is responsible for the processing of payroll, processing and approval of purchase orders and the disbursement of funds. Finally, the Office Assistant is responsible for the deposit of receipts for the various funds and the Deputy Clerk is responsible for the recording of receipts for the various funds.

TOWNSHIP OF MONTAGUE  
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)

Segregation of Duties (Cont'd)

Cause

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

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

Consideration be given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.

Management's Response:

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

The Township's finding 2022-001 regarding segregation of duties noted was not resolved in 2023 due to budgetary constraints and is included in the audit for the year ended December 31, 2023 as Finding 2023-001.



TOWNSHIP OF MONTAGUE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

TOWNSHIP OF MONTAGUE  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

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

The governing body of the Township of Montague 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.A. 40A:11-4.

TOWNSHIP OF MONTAGUE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. During our audit we noted that an instance where a cooperative purchasing agreement award was not approved by the Township Committee. It is recommended that cooperative purchasing agreement awards are approved by the Township Committee.

Management's Response

Cooperative purchase agreement awards will be approved by the Township Committee.

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 1, 2023, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500.00 of delinquent taxes and 18% per annum for delinquent taxes in excess of \$1,500.00. Interest to be waived on current taxes paid within the first 10 days after due dates.

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on October 26, 2023 and all eligible properties were included. 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	282
2022	284
2021	330

In prior years, the Township instituted in-rem foreclosure proceedings on a number of properties which were foreclosed on. Although the Township has made significant progress during prior years, there still remains a large number of tax title liens. It is recommended that a continuing effort be made to utilize all means provided by statute to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Management's Response:

The Township will continue to institute in-rem foreclosure proceedings on additional properties in 2024. Every effort will continue to be made to liquidate the tax title liens in order to get these properties back on a taxpaying basis.

TOWNSHIP OF MONTAGUE  
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 2024 Taxes	20
Payments of 2023 Taxes	20
Delinquent Taxes Receivable	15
Tax Title Liens Receivable	10

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

New Jersey Administrative Code Accounting Requirements

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

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

The Township is currently in compliance with the above accounting requirements.

Purchase Order Process

During the review of the purchase orders processed during the year we noted certain instances where requisitions and purchase orders were dated after the related invoice. It is recommended that a requisition or purchase order is created and approved prior to the purchase of any goods or services.

Management's Response

The Township will work with all departments to ensure that requisitions are submitted for approval before orders for goods are placed or services are provided.

Management's Suggestions

Outside Offices

During our review of the Zoning records, we noted that pre-numbered applications are not being utilized. It is suggested that the Zoning Department maintain pre-numbered applications in order to effectively track the number of applications issued.

TOWNSHIP OF MONTAGUE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management's Suggestions (Cont'd)

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.

Status of Prior Year Recommendations

Recommendations 1 - 2 were not resolved and corrective action is in the process of being implemented with respect to these recommendations where possible.

TOWNSHIP OF MONTAGUE  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Consideration be given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.
2. Cooperative purchasing agreement awards are approved by the Township Committee.
3. A continuing effort be made to utilize all means provided by statute to liquidate tax title liens in order to get such properties back on a taxpaying basis.
4. A requisition or purchase order is created and approved prior to the purchase of any goods or services.

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