

**REPORT OF AUDIT**  
**TOWNSHIP OF WALPACK**  
**COUNTY OF SUSSEX**  
**DECEMBER 31, 2023**

TOWNSHIP OF WALPACK  
YEAR ENDED DECEMBER 31, 2023

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**TOWNSHIP OF WALPACK**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2023**



**WIELKOTZ & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the Township Committee  
Township of Walpack  
Walpack Center, NJ 07881

**Report on the Financial Statements**

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Township of Walpack in the County of Sussex, as of December 31, 2023 and 2022, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues -regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and 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 of Walpack, 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 adverse audit opinion.



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

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2023 and 2022, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures and changes in fund balance for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

#### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Walpack's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

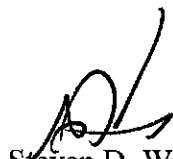


Honorable Mayor and  
Members of the Township Committee  
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The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2024 on our consideration of the Township of Walpack'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Walpack's internal control over financial reporting and compliance.



Steven D. Wielkottz, C.P.A.  
Registered Municipal Accountant  
No. CR00413



WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

June 12, 2024



## Township of Walpack, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	<u>248,172</u>	<u>267,081</u>
		<u>248,172</u>	<u>267,080.68</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	<u>1,943</u>	<u>114</u>
		<u>1,943</u>	<u>113.84</u>
		<u>250,115</u>	<u>267,195</u>
Federal and State Grant Fund:			
Due from Current Fund	A-17	<u>1,831</u>	<u>1,880</u>
		<u>251,945</u>	<u>269,074.64</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Township of Walpack, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves			
Unencumbered	A-3; A-10	25,970	23,575
Due to State of N.J., Per Ch. 73, P.L. 1976	A-6	3,039	3,039
Interfunds Payable:			
Due to Federal and State Grants	A-9	1,831	1,880
Due to General Capital Fund	A-9	52,207	52,207
Due Public Assistance Fund	A-9	10,000	10,000
Due to Animal Control	A-9	2	2
Prepaid Taxes	A-11	1,313	1,450
Tax Overpayments	A-13	-	410
Due to State of New Jersey:			
Payroll Taxes Payable	A-14	2,539	2,332
Reserve for:			
Municipal Relief Funds	A-14	3,853	-
Revision of Tax Map	A-14	4,188	4,188
		<u>104,942</u>	<u>99,083.91</u>
Reserve for Receivables	Contra	1,943	113.84
Fund Balance	A-1	<u>143,230</u>	<u>167,997</u>
		<u>250,115</u>	<u>267,194.52</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-15	-	124.00
Unappropriated Reserve for Grants	A-16	1,831	1,756.12
		<u>1,831</u>	<u>1,880.12</u>
		<u>251,945</u>	<u>269,074.64</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Township of Walpack, N.J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Current Fund

## Years Ended December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	89,186	84,799
Miscellaneous Revenue Anticipated	A-2	39,120	36,938
Receipts from Current Taxes	A-2	13,690	16,808
Receipts from Delinquent Taxes	A-2	114	-
Non-Budget Revenue	A-2	53,705	52,599
Other Credits to Income:			
Statutory Excess in Animal Control Trust Fund		-	9
Unexpended Balance of Appropriation Reserve	A-10	8,994	7,368
Tax Overpayments Cancelled	A-13	410	-
Total Revenues and Other Income		<u>205,220</u>	<u>198,521</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	34,451	34,325
Other Expenses	A-3	55,555	47,808
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	5,170	6,532
Operations - Excluded From Caps:			
Other Expenses Excluded from "CAPS"	A-3	3,130	3,072
Transfer to Board of Education for Use of			
Local Schools (N.J.S. 40:48-17.1 & 17.3)	A-3	24,953	30,000
Adjustment to Reserve for Municipal Relief Funds	A-14	1,927	-
County Taxes included Added Taxes	A-12	15,615	16,922
Total Expenditures		<u>140,801</u>	<u>138,659</u>
Statutory Excess to Fund Balance		64,419	59,862
Fund Balance, January 1,	A	<u>167,997</u>	<u>192,934</u>
		232,416	252,796
Decreased by:			
Fund Balance Utilized as Budget Revenue	A-2	<u>89,186</u>	<u>84,799</u>
Fund Balance, December 31,	A	<u><u>143,230</u></u>	<u><u>167,997</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Township of Walpack, N.J.**

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**Statement of Revenues - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2023**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>89,186</u>	<u>89,186</u>	<u>-</u>
Miscellaneous Revenues:				
Energy Receipts Taxes	A-8	37,193	37,193	0
Municipal Relief Fund	A-8	<u>1,927</u>	<u>1,927</u>	<u>-</u>
Total Miscellaneous Revenues	A-1	<u>39,120</u>	<u>39,120</u>	<u>0</u>
Budget Totals		128,306	128,306	0
Non-Budget Revenue	A-2	<u>-</u>	<u>53,705</u>	<u>53,705</u>
		<u>128,306</u>	<u>182,012</u>	<u>53,706</u>
	A-3			

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue From Collections	A-1; A-7	<u>13,690</u>
Allocated to School and County Taxes	A-7	<u>15,615</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-1; A-7	<u>114</u>

Analysis of Non-Budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Interest on Investments		1,704
Payment in Lieu of Taxes		51,290
Miscellaneous		428
ABC Licenses		<u>200</u>
	A-4	53,622
Collector:		
Interest and Costs on Taxes	A-5	<u>83</u>
		<u>83</u>
Total Non Budget Revenue	A-1; A-2	<u>53,705</u>

The accompanying "Notes to Financial Statement" are an integral part of these financial statements.

Township of Walpack, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2023

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>General Appropriations</u>					
<u>Operations</u>					
General Government:					
Mayor and Council		10,101	10,101	9,880	221
Salaries and Wages		6,500	6,500	6,500	-
Municipal Clerk/Registrar of Vital Statistics		2,000	2,000	1,777	223
Salaries and Wages		10,500	10,500	10,500	-
Other Expenses		500	500	155	345
Financial Administration		13,200	13,200	650	12,550
Salaries and Wages		1,000	1,560	1,560	-
Other Expenses		3,200	3,200	3,000	200
Audit		500	500	359	141
Computer Services		3,200	3,200	3,200	-
Collection of Taxes		10,200	10,200	503	9,697
Salaries and Wages		6,000	6,000	6,000	-
Other Expenses		4,605	4,605	4,534	71
Assessment of Taxes		500	500	500	-
Salaries and Wages		1,000	1,000	750	250
Other Expenses		100	100	-	100
Legal Services and Costs		100	100	-	100
Other Expenses					
Insurance:					
General Liability					
Workers Compensation					
Surety Bond Premiums					
Emergency Management Coordinator:					
Salaries and Wages					
Other Expenses					

The accompanying "Notes to Financial Statement" are an integral part of these Financial Statements.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2023

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>General Appropriations</u>					
Public Safety					
Aid to Volunteer Fire Company		5,225	5,225	5,225	-
Aid to Rescue Squads (2)		5,000	5,000	5,000	-
Public Buildings and Grounds					
Salaries and Wages		250	50	-	50
Other Expenses		1,000	1,000	1,000	-
Animal Regulation					
Salaries and Wages		200	-	-	-
Other Expenses		100	-	-	-
Electricity		275	215	136	79
Telephone		500	500	447	53
Fuel Oil		3,000	3,000	1,571	1,429
Subtotal - Operations		<u>88,756</u>	<u>88,756</u>	<u>63,247</u>	<u>25,509</u>
Uniform Construction Code - Appropriations					
Offset By Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Construction Code Official					
Salaries and Wages		800	800	800	-
Other Expenses		100	100	-	100
Sub-Code Officials:					
Fire Protection Officials		200	200	191	9
Other Expenses					
Plumbing Officials					
Other Expenses		<u>150</u>	<u>150</u>	<u>-</u>	<u>150</u>
Total Uniform Construction Code Appropriations		<u>1,250</u>	<u>1,250</u>	<u>991</u>	<u>259</u>
Total Operations Including Contingent - Within "CAPS"		<u>90,006</u>	<u>90,006</u>	<u>64,238</u>	<u>25,768</u>
Detail:					
Salaries and Wages	A-1	<u>34,851</u>	<u>34,451</u>	<u>33,880</u>	<u>571</u>
Other Expenses	A-1	<u>55,155</u>	<u>55,555</u>	<u>30,358</u>	<u>25,197</u>

The accompanying "Notes to Financial Statement" are an integral part of these Financial Statements.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2023

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>General Appropriations</u>					
Deferred Charges and Statutory Expenditures					
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System Annual		2,310	2,310	2,310	-
Public Employees' Retirement System Employee		225	225	169	56
Social Security System (O.A.S.I.)		2,625	2,625	2,490	135
Unemployment Compensation Insurance		10	10	-	10
Total Deferred Charges and Statutory Expenditures					
Municipal - Within "CAPS"	A-1	5,170	5,170	4,969	201
Operations - Excluded From "CAPS"					
Due to County for Taxes		200	200	200	-
Interlocal Municipal Service Agreements					
"911" Dispatching Communication					
Other Expenses		2,930	2,930	2,929	1
Total Interlocal Municipal Service Agreement		2,930	2,930	2,929	1
Total Operation - Excluded from "CAPS"	A-1	3,130	3,130	3,129	1
Detail:					
Other Expenses	A-1	3,130	3,130	3,129	1
Transfer to Board of Education for Use of					
Local Schools (N.J.S. 40:48-17.1 & 17.3)	A-1	30,000	30,000	24,953	-
Total Transfer to Board of Education		30,000	30,000	24,953	-
Total General Appropriations for Municipal					
Purposes Excluded from "CAPS"		33,130	33,130	28,082	1
Subtotal General Appropriations		128,306	128,306	97,289	25,970
Total General Appropriations		128,306	128,306	97,289	25,970
			A-2	A-4	A

The accompanying "Notes to Financial Statement" are an integral part of these Financial Statements.



## Township of Walpack, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Animal Control Fund:			
Interfund - Current Fund	B-2	<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Control Fund:			
Due to State Department of Health	B-1	<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Township of Walpack, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Interfund - Current Fund	C-2	<u>52,207</u>	<u>52,207</u>
		<u>52,207</u>	<u>52,207</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-1	14,000	14,000
Reserve for Municipal Building	C-3	31,426	31,426
Improvement Authorizations:			
Funded	C-4	<u>6,780</u>	<u>6,780</u>
		<u>52,207</u>	<u>52,207</u>

Footnote: There were no Bonds and Notes Authorized But not Issued on December 31, 2023 and 2022.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Township of Walpack, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Public Assistance Fund

December 31,

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Interfund - Current Fund	D-2	<u>10,000</u>	<u>10,000</u>
		<u>10,000</u>	<u>10,000</u>
<u>Liabilities</u>			
Reserve for Public Assistance	D-1	<u>10,000</u>	<u>10,000</u>
		<u>10,000</u>	<u>10,000</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Township of Walpack, N.J.**

**Comparative Statement of General Fixed Assets - Regulatory Basis**

**December 31,**

	<u>2023</u>	<u>2022</u>
<u>General Fixed Assets:</u>		
Land	16,000	16,000
Buildings	214,903	214,903
Machinery and Equipment	<u>43,085</u>	<u>43,085</u>
	<u>273,988</u>	<u>273,988</u>
 Investment in Fixed Assets	 <u>273,988</u>	 <u>273,988</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## **TOWNSHIP OF WALPACK, N. J.**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Township of Walpack (the "Township") have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and 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 accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

#### **A. Reporting Entity**

The Township operates under a Township Committee form of government. The Township's major operations are fire protection and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will be by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes. Effective January 1, 1998, the Township transferred administration of the general assistance program to the Sussex County Board of Social Services. The funds remaining in the Public Assistance Fund are used to assist certain residents who do not qualify for the General Assistance Program.

General Fixed Assets Account Group - To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

A modified accrual basis of accounting is followed by the Township. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local governmental units. The more significant differences are as follows:

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remain in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

##### **Budgets and Budgetary Accounting (Continued)**

The Township is not required to adopt budgets for the following funds:

Animal Control Trust Fund  
General Capital Fund

Public Assistance Fund  
Trust Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2023, the Governing Body did not increase the original Current Fund budget, however, several budget transfers were approved by the Governing Body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.



**TOWNSHIP OF WALPACK**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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. GAAP does not require the establishment of an offsetting reserve.

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value and are limited by NJSA 40A:5-5.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Fixed Assets - The Township has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs from generally accepted accounting principles.

Fixed assets used in Governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as road, bridges, curbs and gutters, streets, sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that all fixed assets be capitalized at historical cost or estimated historical cost if actual historical cost is not available.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements and notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### **Impact of Recently Issued Accounting Principles**

The following GASB statements became effective for the fiscal year ended December 31, 2023:

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Statement will become effective for the Township's year ending December 31, 2023. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Township.

## TOWNSHIP OF WALPACK

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)**

###### **Impact of Recently Issued Accounting Principles (continued)**

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Borough in the year ending December 31, 2024. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Township, however, management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Township.

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the Township, however, management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the Township.

##### **C. Basic Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 statutory budget was \$89,186.

Inter department budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Township Committee.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2023, there were no special items of revenue and appropriations.

The Township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2023, there were no emergency authorizations.

#### **NOTE 3: GENERAL FIXED ASSETS**

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2023.

	Balance as of <u>Dec. 31, 2023</u>	Balance as of <u>Dec. 31, 2022</u>
Land	\$16,000	\$16,000
Buildings	214,903	214,903
Equipment (Including Vehicles)	<u>43,085</u>	<u>43,085</u>
	<u>\$273,988</u>	<u>\$273,988</u>

**TOWNSHIP OF WALPACK**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 3: GENERAL FIXED ASSETS (CONTINUED)**

**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 statement net debt of 0.00%.

**BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED**

3 <sup>1</sup> / <sub>2</sub> % of Equalized Valuation Basis (Municipal)	\$91,508
Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$91,508</u>

**NOTE 4: LONG TERM DEBT (CONTINUED)**

**ANALYSIS OF AVERAGE EQUALIZED VALUATION**

2023	\$2,614,503	
2022		2,614,503
2021		2,614,503

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

**NOTE 5: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2023 consist of the following:

\$1,831	Due to Federal and State Grant Fund from Current Fund for cash receipts and cash disbursements in the Current Fund.
52,207	Due to General Capital Fund from Current Fund for cash receipts and cash disbursements.
2	Due to Animal Control Fund from Current Fund for statutory excess.
<u>10,000</u>	Due to Public Assistance Fund from Current Fund for receipts.
<u>\$64,040</u>	

It is anticipated that all interfunds, with the exception of Federal and State Grant Funds, will be liquidated during the calendar year.

## TOWNSHIP OF WALPACK

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 6: PENSION PLAN**

##### Description of Plans:

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

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

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 6: PENSION PLAN (CONTINUED)**

##### **Defined Contribution Retirement Program**

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

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

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

##### **Contribution Requirements**

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2023	\$2,310	-0-
2022	2,157	-0-
2021	2,041	-0-

**TOWNSHIP OF WALPACK**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 6: PENSION PLAN (CONTINUED)**

**Contribution Requirements**, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At December 31, 2023, the Township had a liability of \$5,722 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At June 30, 2023, the Township's proportion was 0.0000395054 percent, which was a increase/(decrease) of (0.0001436756) percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Township recognized pension expense of \$2,310. At December 31, 2023, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$55	\$23
Changes of assumptions	13	347
Net difference between projected and actual earnings on pension plan investments	26	-
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>—</u>	<u>19,751</u>
Total	<u>\$94</u>	<u>\$20,121</u>



**TOWNSHIP OF WALPACK**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 6: PENSION PLAN (CONTINUED)**

**Public Employees Retirement System (PERS), (continued)**

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2024	(\$302)
2025	(169)
2026	236
2027	(42)
2028	1

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.80, 5.04, 5.13, 5.16, 5.21 and 5.63 years for 2023, 2022, 2021, 2020, 2019 and 2018, respectively.

Local Group Collective balances net of non-employer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,080,204,730	\$1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,606,489,066	15,091,376,611
Township's Proportion	0.0000395054%	0.0001831810%

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 6: PENSION PLAN (CONTINUED)**

##### **Public Employees Retirement System (PERS), (continued)**

##### **Additional Information**

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	3.25-16.25% (based on years of service)
Investment Rate of Return	7.00%

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

##### **Mortality Rates**

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 with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 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.

**TOWNSHIP OF WALPACK**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(CONTINUED)**

**NOTE 6: PENSION PLAN (CONTINUED)**

**Public Employees Retirement System (PERS), (continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 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	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 6: PENSION PLAN (CONTINUED)**

##### **Public Employees Retirement System (PERS), (continued)**

##### **Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

##### **Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1- percentage point lower or 1 percentage-point higher than the current rate:

	<u>June 30, 2023</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Township's proportionate share of the pension liability	\$7,512	\$5,722	\$4,288

##### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2023 and 2022 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	<u>\$79.821</u>	<u>\$89.186</u>

#### **NOTE 8: REGIONAL AND REGIONAL HIGH SCHOOL DISTRICT SCHOOL 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 Walpack has not elected to defer school taxes.

#### **NOTE 9: CASH, CASH EQUIVALENTS AND INVESTMENTS**

##### **Cash**

##### **Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2023, \$-0- of the Township's bank balance of \$270,023 was exposed to custodial credit risk.

##### **Investments**

##### **Investment Rate Risk**

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

## **TOWNSHIP OF WALPACK**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

#### **NOTE 9: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

##### **Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the Townships or bonds or other obligations of the local unit or units within which the Township is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

##### **Concentration of Credit Risk**

The Township places no limit on the amount the Township may invest in any one issuer.

#### **NOTE 10: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2023 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

#### **NOTE 11: PUBLIC ASSISTANCE**

The Township has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Township of Walpack no longer has a public assistance director.

#### **NOTE 12: HEALTH INSPECTIONS**

The Township has elected to have the County of Sussex, Department of Health perform all inspections. Therefore, the Township does not have a health inspector.

**TOWNSHIP OF WALPACK**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(CONTINUED)**

**NOTE 13: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec. 31, 2023</u>	<u>Balance Dec 31, 2022</u>
Prepaid Taxes	<u>\$1,313</u>	<u>\$1,450</u>
Cash Liability for Taxes Collected in Advance	<u>\$1,313</u>	<u>\$1,450</u>

**NOTE 14: CONTINGENT LIABILITIES**

We are advised by Township Counsel, that the Township is not involved in any suits that would have a material impact on the Financial Statements.

**NOTE 15: OTHER MATTERS**

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Township of Walpack is \$1,151.35 which will be available for use until December 31, 2024.

**NOTE 16: SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through June 12, 2024, the date which the financial statements were available to be issued and no other items were noted for disclosure.

## **SUPPLEMENTARY DATA**



**TOWNSHIP OF WALPACK, N.J.**

**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>	<u>Name of Corporate Surety</u>
Victor Maglio	Mayor		
Janina Wycalek	Comitteeeperson (through 4/25/2023)		
James Heigis	Committeeeperson		
Kelly Happe	Commiteeperson (starting 5/30/2023)		
Christine Von Oesen	Municipal Clerk; Secretary Board of Health		
Ashley Kannaley	Chief Finance Officer; Treasurer	25,000.00	Selective Ins. Co.
Kristy Lockburner	Assessor		
Theresa Schlosser	Tax Collector	18,000.00	Selective Ins. Co
Glenn Kienz	Township Attorney		
Steven D. Wielkotz, C.P.A., R.M.A.	Township Auditor		

All of the bonds were examined and were properly executed.  
All employees are covered by a \$3,000 Blanket Bond.

## Township of Walpack

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period From/To	12/31/2022		12/31/2023	
				Reserve	Balance	Reserve	Balance
United State Departmnet of Treasury: (Passed-through NJ Department of Community Affairs) Local Fiscal Recovery Funds - ARP	21.027	1,151	3/1/21-12/31/26		1,151		1,151
<b><u>TOTAL FEDERAL AID</u></b>					<u>1,151</u>		<u>1,151</u>

**FEDERAL AND STATE GRANT FUND**

United State Departmnet of Treasury:  
(Passed-through NJ Department of Community Affairs)  
Local Fiscal Recovery Funds - ARP

## Township of Walpack

## Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2022		Receipts	Expended	12/31/2023		MEMO Cumulative Total Expenditures
				Reserve	Balance			Reserve	Balance	
<b>FEDERAL AND STATE GRANT FUND</b>										
	NJ Department of Environmental Protection									
	Recycling Tonnage	4910-100-042-4910-224	1/1/18-12/31/18	124		-	(124)	-		611
	Recycling Tonnage	4910-100-042-4910-224	1/1/19-12/31/19	207		-	-	207		-
	Recycling Tonnage	4910-100-042-4910-224	1/1/20-12/31/20	195		-	-	195		-
	Recycling Tonnage	4910-100-042-4910-224	1/1/21-12/31/21	203		-	-	203		-
	Recycling Tonnage	4910-100-042-4910-224	1/1/22-12/31/22	-		74	-	74		-
				729		74	(124)	679		611
	<b>TOTAL FEDERAL AND STATE GRANT FUND</b>			729		74	(124)	679		611
	<b>TOTAL STATE AID</b>			729		74	(124)	679		611

Note: This schedule was not subjected to audit in accordance with the NJ OMB Circular 15-08.

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**CURRENT FUND**

	<b><u>Year 2023</u></b>		<b><u>Year 2022</u></b>	
	<b><u>Amount</u></b>	<b><u>%</u></b>	<b><u>Amount</u></b>	<b><u>%</u></b>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	89,186	43.46%	84,799	42.72%
Miscellaneous - From Other Than				
Local Property Tax Levies	39,120	19.06%	36,938	18.61%
Collection of Delinquent Taxes				
and Tax Title Liens	114	0.06%	-	0.00%
Collection of Current				
Tax Levy	13,690	6.67%	16,808	8.47%
Non-Budget Revenue	53,705	26.17%	52,599	0.00%
Other Credits to Income	9,404	4.58%	7,377	3.72%
<b><u>Total Revenue and Other Income Realized</u></b>	<b><u>205,219</u></b>	<b><u>100.00%</u></b>	<b><u>198,521</u></b>	<b><u>73.50%</u></b>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	123,259	87.54%	121,737	87.80%
County Taxes	15,615	11.09%	16,922	12.20%
Other Expenditures	1,927	1.37%	-	0.00%
<b><u>Total Expenditures</u></b>	<b><u>140,801</u></b>	<b><u>100.00%</u></b>	<b><u>138,659</u></b>	<b><u>100.00%</u></b>
<b>Statutory Excess to Fund Balance</b>	<b>64,418</b>		<b>59,862</b>	
<b>Fund Balance, January 1,</b>	<b><u>167,997</u></b>		<b><u>192,934</u></b>	
	<b>232,416</b>		<b>252,796</b>	
<b>Less:</b>				
Utilized as Anticipated Revenue	<u>89,186</u>		<u>84,799</u>	
<b>Fund Balance, December 31,</b>	<b><u><u>143,230</u></u></b>		<b><u><u>167,997</u></u></b>	

## COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate:</u>	<u>.667</u>	<u>.722</u>	<u>.752</u>
<u>Apportionment of Tax Rate:</u>			
County	.667	.722	.752

### Net Valuation Taxable:

2023	\$2,343,776		
2022		2,343,776	
2021			2,343,776

## COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future 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>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$15,633	\$13,690	87.57%
2022	16,922	16,808	99.33%
2021	17,649	17,649	100.00%

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.

## DELINQUENT TAXES AND TAX TITLE LIENS

<u>Dec. 31, Year</u>	<u>Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023	-0-	1943	1943	12.43%
2022	-0-	114	114	.067%
2021	-0-	-0-	-0-	-0-%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2023	\$-0-
2022	-0-
2021	-0-

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	Balance <u>December 31,</u>	Utilized In Budget of <u>Succeeding Year</u>
Current Fund:	2023	\$143,230	\$79,821
	2022	167,997	89,186
	2021	192,933	84,799
	2020	229,373	84,084
	2019	261,373	82,316
	2018	295,064	81,403

**Township of Walpack, N.J.**

**Schedule of Cash - Treasurer**

**Current Fund**

**Year Ended December 31, 2023**

	<u>Ref.</u>		
Balance - December 31, 2022	A		267,081
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	53,622	
Collector	A-5	13,749	
Revenue Accounts Receivable	A-8	39,120	
Interfunds	A-9	74	
Various Cash Liabilities and Reserves	A-14	<u>8,325</u>	
			<u>114,891</u>
			381,972
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	97,289	
Interfunds	A-9	124	
Appropriation Reserves	A-10	14,580	
County Taxes Payable	A-12	15,615	
Various Cash Liabilities and Reserves	A-14	<u>6,192</u>	
			<u>133,800</u>
Balance - December 31, 2023	A		<u><u>248,172</u></u>

## Township of Walpack, N.J.

## Schedule of Cash - Collector

## Current Fund

Year Ended December 31, 2023

	<u>Ref.</u>		
Increased By:			
Interests and Costs	A-2	83	
Delinquent Taxes Receivable	A-7	114	
2023 Taxes Receivable	A-7	12,240	
Prepaid Taxes	A-11	1,313	
		<hr/>	
			13,749
			<hr/>
Decreased By:			
Paid to Treasurer	A-4		13,749
			<hr/>



**Township of Walpack, N.J.**

**Schedule of Amount Due To State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

**Current Fund**

**Year Ended December 31, 2023**

	<u>Ref.</u>	
Balance - December 31, 2022	A	<u>3,039</u>
Balance - December 31, 2023	A	<u>3,039</u>

## Township of Walpack, N.J.

## Schedule of Taxes Receivable and Analysis of Property Tax Levy

## Current Fund

Year Ended December 31, 2023

<u>Year</u>	Balance, Dec. 31, <u>2022</u>	<u>Levy</u>	<u>Collected</u>		Balance, Dec. 31, <u>2023</u>
			<u>2022</u>	<u>2023</u>	
2022	114	-	-	114	-
2023	-	15,633	1,450	12,240	1,943
	<u>114</u>	<u>15,633</u>	<u>1,450</u>	<u>12,354</u>	<u>1,943</u>
	A	A	A-2; A-11	A-2; A-5	A

Analysis of Tax Levy

Tax yield:	<u>Ref.</u>	
General Purpose Tax		<u>15,633</u>
Tax Levy:		
County Tax	A-12	<u>15,615</u>
		A-2

**Township of Walpack, N.J.**

**Schedule of Revenue Accounts Receivable**

**Current Fund**

**Year Ended December 31, 2023**

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Energy Receipts Taxes	A-2	37,193	37,193
Municipal Relief Fund	A-2	<u>1,927</u>	<u>1,927</u>
		<u>39,120</u>	<u>39,120</u>
			A-4

## Township of Walpack, N.J.

## Schedule of Interfunds Receivables/(Payables)

## Current Fund

Year Ended December 31, 2023

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)	
		Balance			Balance	
		<u>Dec. 31, 2022</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2023</u>	
Federal and State Grants	A	(1,880)	124	74	(1,831)	
Public Assistance Fund	A	(10,000)	-	-	(10,000)	
Animal Control Trust Fund	A	(2)	-	-	(2)	
General Capital Fund	A	(52,207)	-	-	(52,207)	
		<u>(64,089)</u>	<u>124</u>	<u>74</u>	<u>(64,040)</u>	
			A-4	A-4		
<u>Analysis</u>						
Due from Current Fund		<u>(64,089)</u>			<u>(64,040)</u>	

## Township of Walpack, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2023

	Balance, Dec. 31, 2022	Balance after Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:				
Emergency Management Coordinator	200	200	-	200
Animal Regulation	150	150	-	150
Total Salaries and Wages:	350	350	-	350
Other Expenses:				
Municipal Clerk/Registrar of Vital Statistics	122	122	35	87
Financial Administration	409	409	300	109
Audit	12,950	12,950	12,950	-
Computer Services	1,150	1,150	1,150	-
Collection of Taxes	0	0	-	0
Assessment of Taxes	198	198	26	172
Insurance:				
Workers Compensation	75	75	-	75
Emergency Management Coordinator	200	200	-	200
Public Buildings and Grounds	279	279	63	216
Animal Regulation	275	275	-	275
Electricity	111	111	-	111
Fuel Oil	56	56	-	56
Telephone	103	103	-	103
Construction Official	100	100	-	100
Fire Protection Officials	309	309	-	309
Plumbing Official	199	199	-	199
Total Other Expenses:	16,537	16,537	14,524	2,013
Deferred Charges and Statutory Expenditures				
Statutory Expenditures:				
Contribution To:				
Public Employees' Retirement System Employee	56	56	56	-
Social Security ( O.A.S.I. )	1,196	1,196	-	1,196
Unemployment Compensation Insurance	25	25	-	25
Total Deferred Charges and Statutory Expenditures - Municipal	1,277	1,277	56	1,221
Transfer to Board of Education for Use of Local Schools (N.J.S. 40:48-17.1 & 17.3)	5,411	5,411	-	5,411
Total Transfer to Board of Education	5,411	5,411	-	5,411
Total General Appropriation Reserves	23,575	23,575	14,580	8,994
	A		A-4	A-1

## Township of Walpack, N.J.

## Schedule of Prepaid Taxes

## Current Fund

## Year Ended December 31, 2023

	<u>Ref.</u>	
Balance - December 31, 2022	A	1,450
Increased by:		
Cash Receipts	A-5	<u>1,313</u>
		2,763
Decreased by:		
Applied to 2023 Taxes	A-7	<u>1,450</u>
Balance - December 31, 2023	A	<u><u>1,313</u></u>

**Township of Walpack, N.J.**  
**Schedule of County Taxes Payable**  
**Current Fund**  
**Year Ended December 31, 2023**

	<u>Ref.</u>	
Increased by:		
Levy	A-1; A-7	<u>15,615</u>
Decreased by:		
Cash Disbursements	A-4	<u>15,615</u>

## Township of Walpack, N.J.

## Schedule of Tax Overpayments

## Current Fund

## Year Ended December 31, 2023

	<u>Ref.</u>	
Balance - December 31, 2022	A	<u>410</u>
Decreased by:		
Cancelled	A-1	<u>410</u>



## Township of Walpack, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

Year Ended December 31, 2023

<u>Liabilities and Reserves</u>	<u>Ref</u>	<u>Balance Dec. 31, 2022</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2023</u>
<u>Liabilities</u>					
Payroll Deductions		2,332	6,398	6,192	2,539
<u>Reserves for:</u>					
Municipal Relief Funds		-	3,853	-	3,853
Revision of Tax Map		4,188	-	-	4,188
		<u>4,188</u>	<u>10,251</u>	<u>6,192</u>	<u>8,041</u>
		A			A
Adjustment	A-1		1,927	-	
Cash Receipts	A-4		8,325	-	
Cash Disbursements	A-4			6,191.60	
			<u>10,251.49</u>	<u>6,191.60</u>	

**Township of Walpack, N.J.**

**Schedule of Appropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2023**

<u>Grant</u>	Balance <u>Dec. 31, 2022</u>	<u>Expended</u>
Recycling Tonnage	124	124
	<u>A</u>	<u>A-17</u>

**Township of Walpack, N.J.**

**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2023**

<u>Grant</u>	Balance <u>Dec. 31, 2022</u>	<u>Received</u>	Balance <u>Dec. 31, 2023</u>
ARP Funds	1,151	-	1,151
Recycling Tonnage Grant	605	74	679
	<u>1,756</u>	<u>74</u>	<u>1,831</u>
	A	A-17	A

## Township of Walpack, N.J.

## Schedule of Interfunds Receivables/(Payables)

## Federal and State Grant Fund

Year Ended December 31, 2023

<u>Fund</u>	Due From/(To)			Due From/(To)	
	Balance			Balance	
	<u>Dec. 31, 2022</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2023</u>	
Current Fund	<u>1,880</u>	<u>74</u>	<u>124</u>	<u>1,831</u>	
	A	A-16	A-15	A	

## Township of Walpack, N.J.

## Schedule of Due to State Department of Health

## Trust Funds

## Year Ended December 31, 2023

Balance - December 31, 2022	<u>Ref.</u> B	<u>2</u>
Balance - December 31, 2023	B	<u>2</u>

## Township of Walpack, N.J.

## Schedule of Interfund - Current Fund

## Trust Funds

Year Ended December 31, 2023

	Due from/(to) Balance <u>Dec. 31, 2022</u>	Due from/(to) Balance <u>Dec. 31, 2023</u>
Animal Control Trust	<u>2</u>	<u>2</u>
	B	B

**C-1**

**Township of Walpack, N.J.**

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2023**

	<u>Ref.</u>	
Balance - December 31, 2022	C	<u>14,000</u>
Balance - December 31, 2023	C	<u>14,000</u>

**C-2**

**Schedule of Due From/(To) Current Fund**

**General Capital Fund**

**Year Ended December 31, 2023**

	<u>Ref.</u>	
Balance - December 31, 2022	C	<u>52,207</u>
Balance - December 31, 2023	C	<u>52,207</u>

## Township of Walpack, N.J.

## Schedule of Reserve for Municipal Building

## General Capital Fund

## Year Ended December 31, 2023

	<u>Ref.</u>	
Balance - December 31, 2022	C	<u>31,426</u>
Balance - December 31, 2023	C	<u>31,426</u>



**Township of Walpack, N.J.**  
**Schedule of Improvement Authorizations**  
**General Capital Fund**  
**Year Ended December 31, 2023**

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>December 31, 2023</u>
Demolition of Municipal Garage	09/27/11	10,000.00	<u>Funded</u>
			<u>6,780</u>
			<u>C</u>

**Township of Walpack, N.J.**  
**Schedule of Reserve for Public Assistance**

**Public Assistance Fund**

**Year Ended December 31, 2023**

	<u>Ref.</u>	
Balance - December 31, 2022	D	<u>10,000</u>
Balance - December 31, 2023	D	<u>10,000</u>

## Township of Walpack, N.J.

## Schedule of Due From/(To) Current Fund

## Public Assistance Fund

Year Ended December 31, 2023

	<u>Ref.</u>	
Balance - December 31, 2022	D	<u>10,000</u>
Balance - December 31, 2023	D	<u>10,000</u>

**TOWNSHIP OF WALPACK**

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**PART II**

**LETTER ON INTERNAL CONTROL, COMPLIANCE AND  
OTHER MATTERS**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2023**



# WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and  
Members of the Township Committee  
Township of Walpack  
Walpack Center, N.J. 07881

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 Township of Walpack in the County of Sussex as of and for the year ended December 31, 2023 and the related notes to the financial statements, and have issued our report thereon dated June 12, 2024, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements-regulatory basis, we considered the Township of Walpack's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Walpack's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Walpack'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Honorable Mayor and  
Members of the Township Committee  
Page 2

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

We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2023-01, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Walpack's financial statements-regulatory basis 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Walpack 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 of Walpack internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Steven D. Wielkottz, C.P.A.  
Registered Municipal Accountant  
No. 413



Wielkottz & Company, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

June 12, 2024

**TOWNSHIP OF WALPACK, N.J.**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED DECEMBER 31, 2023**

**Summary of Auditor's Results:**

A qualified opinion was issued on the Township's financial statements prepared on an other comprehensive basis of accounting.

The audit did disclose a significant deficiency in the internal control of the Township.

The Township was not subject to the single audit provisions of Uniform Guidance and State Circular 15-08 OMB for 2023 as grant expenditures were less than the single audit thresholds identified in the Circulars.

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

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

**Finding 2023-01:**

**Segregation of Duties**

The Township does not maintain an adequate segregation of duties within the Treasury Department, Payroll Department and Tax Collection Office. 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 misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, has control of checks, and reconciles bank statements. Inadequate segregation of duties was also found within the Tax Collection Office. Within the payroll department, preparation of payroll, signing of checks and bank reconciliation is also performed by one employee. These situations occur because of the limited number of employees qualified to perform other accounting functions. The Township was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

**Recommendation:**

That adequate segregation of duties within the Treasury Department, Payroll Department and Tax Collection Department be maintained.

**Management Response:**

The Township will consider strengthening internal control within reason of costs, benefits derived and budget constraints.

**Findings and Questioned Costs for Federal Awards:**

Not applicable

**Findings and Questioned Costs for State Awards:**

Not applicable

**TOWNSHIP OF WALPACK, N.J.**

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

The Township's prior year audit finding, 2022-01, regarding segregation of duties has not been corrected and is included in the audit for the year ended December 31, 2023.

**Finding 2022-01:**

**Condition:**

The Township does not maintain an adequate segregation of duties within the Treasury Department, Payroll Department and Tax Collection Office. 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 misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, has control of checks, and reconciles bank statements. Inadequate segregation of duties was also found within the Tax Collection Office. Within the payroll department, preparation of payroll, signing of checks and bank reconciliation is also performed by one employee. These situations occur because of the limited number of employees qualified to perform other accounting functions. The Township was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

**Current Status:**

Corrective action has not been taken. The Township was made aware of this lack of internal control and will consider strengthening internal control within reason of the costs and benefits derived.



## **COMMENTS AND RECOMMENDATIONS**

### **GENERAL COMMENTS**

#### **Cash Balance**

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2023, and June 12, 2024, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

#### **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 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.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. That 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 subsection 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."

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

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$44,000.00.

The Governing Body of the Township have 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 the bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

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

Our review of the Township's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

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

BE IT RESOLVED by the Mayor and Committee of the Township of Walpack that the charge of interest on all delinquent taxes be 8% per annum up to \$1,500 and 18% per annum over \$1,500.

It was determined from a test of the Collector's record that interest was collected in accordance with the forgoing resolution.

## DELINQUENT TAXES AND TAX TITLE LIENS

During 2023, there was no tax sale held.

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	-0-
2022	-0-
2021	-0-

## 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.

The result of the test which was made as of December 31, 2023 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

## OTHER COMMENTS

### Segregation of Duties

The Township does not maintain an adequate segregation of duties within the Treasury Department, Payroll Department and Tax Collection Office. 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 misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, has control of checks, and reconciles bank statements. Inadequate segregation of duties was also found within the Tax Collection Office. Within the payroll department, preparation of payroll, signing of checks and bank reconciliation is also performed by one employee. These situations occur because of the limited number of employees qualified to perform other accounting functions. The Township was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

### Management Response:

The Township will consider strengthening internal control within reason of costs, benefits derived and budget constraints.

### Finance

1. The Township does not have a detailed listing of fixed assets for 2023, in accordance with Technical Directive 85-2.
2. Multiple vouchers selected for testing were not properly encumbered.

## **OTHER COMMENTS, (continued)**

### **Finance, (continued)**

#### **Management Response:**

1. The Township will have a Fixed Asset Company perform a valuation of the Township's fixed assets.
2. Management is working to ensure vouchers will be encumbered in advance.

## **RECOMMENDATIONS**

1. That adequate segregation of duties within the Treasury Department, Payroll Department and Tax Collection Department be maintained.
2. That the Township maintain a detailed fixed asset listing in accordance with Technical Directive 85-2.
3. That purchase be encumbered in accordance with N.J.S.A. 5:30-5.2.

## **Status of Prior Year's Audit Findings/Recommendations**

A review was performed on all prior year's recommendations and corrective action was taken on all, with the exception of the following:

1. That adequate segregation of duties within the Treasury Department, Payroll Department and Tax Collection Department be maintained.
2. That the Township maintain a detailed fixed asset listing in accordance with Technical Directive 85-2.

The problems and weaknesses noted in this review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to these comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.



Steven D. Wielkottz, C.P.A.  
Registered Municipal Accountant  
No. 413



Wielkottz & Company, LLC  
Certified Public Accountants

June 12, 2024