TOWNSHIP OF UPPER

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2020

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TOWNSHIP OF UPPER

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2020

FORD-SCOTT
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Independent Auditor's Report

To the Honorable Mayor and
Members of the Township Committee
Township of Upper
County of Cape May, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Upper, as of December 31, 2020 and 2019, 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 statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Upper 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Upper as of December 31, 2020 and 2019, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2020 and 2019, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2020 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Upper'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 supplemental 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. Such 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. 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 provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 on our consideration of the Township of Upper'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 Upper's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 25, 2021

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EXHIBIT - A
CURRENT FUND

Exhibit A
Sheet 1

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

ASSETS		2020	2019
Regular Fund:			
Cash:			
Cash Treasurer	$	13,503,168.55	19,828,171.64
Cash - Change		600.00	700.00
Total Cash		13,503,768.55	19,828,871.64
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable		431,376.26	442,372.30
Tax Title and Other Liens		338,292.45	164,611.96
Property Acquired for Taxes - at Assessed Valuation		3,429,399.00	3,429,399.00
Revenue Accounts Receivable		3,360.30	3,788.40
Interfund Receivable:			
Federal and State Grant Fund		79,872.43	186,562.16
Trust - Other		961.49	653.45
Total Receivables and Other Assets		4,283,261.93	4,227,387.27
Total Regular Fund		17,787,030.48	24,056,258.91
Federal and State Grant Fund:			
Federal and State Grants Receivable		1,566,242.21	1,726,748.18
Total Federal and State Grant Fund		1,566,242.21	1,726,748.18
Total Current Fund	$	19,353,272.69	25,783,007.09

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2020	2019
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	$	613,027.14	464,528.57
Reserve for Encumbrances/Accounts Payable		366,341.08	274,561.76
Payroll Taxes Payable		494.30	222.02
Prepaid Taxes		500,300.37	517,464.55
Overpaid Taxes		50,089.45	14,294.77
Local School Tax Payable		5,481,690.00	5,163,285.00
County Added Tax Payable		18,485.51	17,147.59
Due to State:			
Marriage Licenses		575.00	325.00
DCA Fees		6,392.00	3,039.00
Animal Control Fees		2.40	4.80
Other		25,876.86	24,948.74
Hunting Licenses		167.50	75.25
Interfund Payable:			
General Capital Fund		3,436,865.63	10,357,934.62
Animal Control Trust Fund		208.33	266.93
Other			
Reserve for Capital Projects		222,821.51	215,751.51
Reserve for Tax Map		780.00	780.00
Reserve for Revaluation		161,664.65	161,664.65
Reserve for State Tax Appeal		9,303.00	9,303.00
		10,895,084.73	17,225,597.76
Reserve for Receivables and Other Assets		4,283,261.93	4,227,387.27
Fund Balance		2,608,683.82	2,603,273.88
Total Regular Fund		17,787,030.48	24,056,258.91
Federal and State Grant Fund:			
Unappropriated Reserves		29,400.00	29,400.00
Appropriated Reserves		1,353,226.32	1,389,955.19
Encumbrances Payable		103,743.46	120,830.83
Due to Current Fund		79,872.43	186,562.16
Total Federal and State Grant Fund		1,566,242.21	1,726,748.18
Total Current Fund	$	19,353,272.69	25,783,007.09

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

	2020	2019
Revenue and Other Income Realized		
Fund Balance	$ 1,615,000.00	1,822,000.00
Miscellaneous Revenue Anticipated	9,370,155.48	8,800,768.45
Receipts from Delinquent Taxes	499,469.14	495,880.67
Receipts from Current Taxes	36,228,777.22	35,286,876.66
Non Budget Revenue	194,830.54	218,128.35
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	318,820.36	339,343.63
Interfund Returned	187,215.61	2,022.79
Total Income	48,414,268.35	46,965,020.55
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	4,823,348.00	4,576,748.00
Other Expenses	6,354,706.00	6,082,763.37
Public and Private Programs Offset by Revenues	933,090.60	787,920.86
Deferred Charges & Statutory Expenditures	852,090.00	842,269.00
Appropriations Excluded from "CAPS"		
Operations:		
Insurance (N.J.S.A. 40A:4-45.3(00))	-	-
Capital Improvements	80,000.00	315,000.00
Debt Service	866,044.99	816,562.07
Deferred Charges	-	8,960.00
Local District School Tax	25,562,381.00	24,926,570.00
County Tax	5,373,177.45	5,272,100.57
County Share of Added Tax	18,485.51	17,147.59
Interfund Created	80,833.92	187,215.61
Refund of Prior Year's Revenue	3,662.94	2,736.30
Other:		
Special District Tax	1,846,038.00	1,782,444.00
Total Expenditures	46,793,858.41	45,618,437.37
Excess in Revenue	1,620,409.94	1,346,583.18

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS FOR THE YEAR ENDED DECEMBER 31,

		2020	2019
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year			
Total Adjustments		-	-
Statutory Excess to Fund Balance		1,620,409.94	1,346,583.18
Fund Balance January 1		2,603,273.88	3,078,690.70
		4,223,683.82	4,425,273.88
Decreased by:			
Utilization as Anticipated Revenue		1,615,000.00	1,822,000.00
Fund Balance December 31	$	2,608,683.82	2,603,273.88

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit A-2
Sheet 1

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 1,615,000.00		1,615,000.00	-
Total Fund Balance Anticipated	1,615,000.00	-	1,615,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	5,000.00		5,300.00	300.00
Fines and Costs:				
Municipal Court	100,000.00		54,757.82	(45,242.18)
Interest and Costs on Taxes	90,000.00		133,270.14	43,270.14
Interest Earned on Investments	112,918.00		233,966.00	121,048.00
EMS Ambulance Fees	280,000.00		310,248.71	30,248.71
Host Community Benefits	490,000.00		510,357.40	20,357.40
Cable TV Fees	59,000.00		60,842.07	1,842.07
Cell Tower Fees	95,000.00		106,507.23	11,507.23
Total Section A: Local Revenues	1,231,918.00	-	1,415,249.37	183,331.37
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	6,191,482.00		6,191,481.99	(0.01)
Garden State Preservation Trust Fund	203,884.00		132,171.00	(71,713.00)
Total Section B: State Aid Without Offsetting Appropriations	6,395,366.00	-	6,323,652.99	(71,713.01)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	210,000.00		242,083.00	32,083.00
Total Section C: Uniform Construction Code Fees	210,000.00	-	242,083.00	32,083.00

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section F: Special Items - Public and Private Programs				
Municipal Alliance on Alcoholism and Drug Abuse	21,446.00		21,446.00	-
FEMA Energy Mitigation Grant	25,000.00		25,000.00	-
Cape May County Open Space Grant-Harbor Rd Bike Gateway	810,000.00		810,000.00	-
Clean Communities Grant		35,477.83	35,477.83	-
Assistance to Firefighters Grant Program	27,404.77		27,404.77	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	883,850.77	35,477.83	919,328.60	-
Section G: Other Special Items				
Dennis Township & Corbin City - Municipal Court	117,000.00		147,471.60	30,471.60
Reserve for Debt Service	322,369.92		322,369.92	-
Total Section G: Other Special Items	439,369.92	-	469,841.52	30,471.60
Total Miscellaneous Revenues:	9,160,504.69	35,477.83	9,370,155.48	174,172.96
Receipts from Delinquent Taxes	393,649.00		499,469.14	105,820.14
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	3,747,413.06		4,471,460.24	724,047.18
Total Amount to be Raised by Taxes for Support of Municipal Budget	3,747,413.06	-	4,471,460.24	724,047.18
Budget Totals	14,916,566.75	35,477.83	15,956,084.86	1,004,040.28
Non- Budget Revenues: Other Non- Budget Revenues:	-		194,830.54	194,830.54
	$ 14,916,566.75	35,477.83	16,150,915.40	1,198,870.82

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections		36,228,777.22
Less: Reserve for Tax Appeals Pending		
Net Revenue from Collections		36,228,777.22
Allocated to:		
School, County and Other Taxes		32,800,081.96
Balance for Support of Municipal Budget Appropriations		3,428,695.26
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		1,042,764.98
Amount for Support of Municipal Budget Appropriations		4,471,460.24
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	440,191.53	
Tax Title Lien Collections	59,277.61	
Total Receipts from Delinquent Taxes		499,469.14
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Township Facilities Use Fees	2,057.36	
Boat Ramp Fees	16,300.00	
Street Openings	730.00	
Mining Permits	12,500.00	
Planning and Zoning Board Deposits	12,650.00	
MUA Permit Fees	15,241.12	
State Wildlife	9,446.00	
Property Lists	840.00	
Raffle and Bingo Licenses	90.00	
Clerk's Receipts	17,370.83	
Engineer/Zoning Escrow Fees	8,855.00	
Passport Fees	1,470.00	
Tax Collector Receipts	1,582.70	
Fish and Game	123.00	
Land Sale Fees Non-Ref	50.00	
JIF Dividend	10,954.16	
Campground Fees/Mobile Park Fees	2,880.00	
Dog Park Receipts/Dog Excess	2,368.17	
2% Administration Fee	2,196.25	
Ambulance Fees Corbin City	26,258.40	
W/C Employee Reimbursement	20,026.50	
Miscellaneous	30,841.05	
Total Miscellaneous Revenue Not Anticipated:		194,830.54

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Committee						
Salaries & Wages	$ 72,250.00	71,750.00	71,710.09		39.91	-
Other Expenses	20,350.00	20,350.00	18,886.39	1,456.68	6.93	-
Township Clerk						
Salaries & Wages	235,000.00	229,500.00	223,801.14		5,698.86	-
Other Expenses	52,350.00	42,350.00	36,906.05	1,675.41	3,768.54	-
Financial Administration						
Salaries & Wages	287,000.00	290,900.00	290,783.90		116.10	-
Other Expenses						
Audit Services	37,000.00	37,000.00	37,000.00		-	-
Computer Services	168,520.00	183,520.00	115,255.77	53,504.19	14,760.04	-
Miscellaneous Other Expenses	16,100.00	16,100.00	12,296.54	2,058.14	1,745.32	-
Assessment of Taxes						
Salaries & Wages	132,500.00	132,500.00	131,990.85		509.15	-
Other Expenses	15,600.00	13,600.00	7,751.93	368.33	5,479.74	-
Collection of Taxes						
Salaries & Wages	122,500.00	122,500.00	122,219.82		280.18	-
Other Expenses						
Purchase of Tax Title Liens	1,000.00	-			-	-
Miscellaneous Other Expenses	4,885.00	8,385.00	7,850.72	531.00	3.28	-
Legal Services						
Other Expenses	142,000.00	242,000.00	183,062.89		58,937.11	-
Special Litigation						
Other Expenses	140,000.00	150,000.00	135,803.21	4,135.95	10,060.84	-
Engineering Services						
Salaries & Wages	110,787.00	110,787.00	110,786.94		0.06	-
Other Expenses	55,900.00	63,200.00	25,915.78	33,651.06	3,633.16	-
Public Information						
Other Expenses						
UTTV2	2,100.00	2,100.00	375.00		1,725.00	-

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
INSURANCE						
General Liability	147,000.00	142,000.00	138,132.64	884.00	2,983.36	-
Workers Compensation Insurance	372,600.00	352,600.00	337,899.91		14,700.09	-
Employee Group Health	2,571,500.00	2,571,500.00	2,396,940.24	6,509.29	168,050.47	-
Health Benefit						
Salaries & Wages	18,000.00	20,000.00	17,432.64		2,567.36	-
LAND USE ADMINISTRATION						
Planning Board						
Salaries & Wages	36,500.00	36,500.00	35,066.51		1,433.49	-
Other Expenses	14,000.00	14,000.00	10,279.95	1,181.65	2,538.40	-
Zoning Board of Adjustment						
Salaries & Wages	36,500.00	36,500.00	36,018.04		481.96	-
Other Expenses	19,700.00	17,200.00	11,292.42	1,479.23	4,428.35	-
PUBLIC SAFETY						
First Aid Organization						
Salaries & Wages	675,000.00	742,500.00	734,183.88		8,316.12	-
Other Expenses	125,200.00	115,200.00	80,760.37	23,419.43	11,020.20	-
Emergency Management Services						
Salaries & Wages	23,200.00	23,200.00	14,183.78		9,016.22	-
Other Expenses	75,000.00	75,000.00	55,880.67	13,979.44	5,139.89	-
Crossing Guard						
Salaries & Wages	8,200.00	6,700.00	6,489.00		211.00	-
Other Expenses	1,000.00	-			-	-
Regional Dispatch - Contractual	274,476.00	274,476.00	245,976.00	12,556.02	15,943.98	-
Municipal Court						
Salaries & Wages	163,000.00	158,000.00	157,760.50		239.50	-
Other Expenses	46,450.00	27,450.00	20,030.57	1,298.97	6,120.46	-
Public Defender						
Salaries & Wages	23,163.00	23,163.00	23,163.00		-	-
Municipal Prosecutor						
Salaries & Wages	45,198.00	45,198.00	45,198.00		-	-
Other Expenses	1,000.00	1,000.00			1,000.00	-

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC WORKS						
Road Repairs and Maintenance						
Salaries & Wages	761,000.00	756,000.00	742,009.59		13,990.41	-
Other Expenses						
Surfacing of Roads	22,500.00	22,500.00	20,861.81		1,638.19	-
Miscellaneous Other Expenses	369,100.00	333,300.00	202,708.98	61,036.26	69,554.76	-
Recycling						
Salaries & Wages	380,000.00	360,000.00	346,635.87		13,364.13	-
Other Expenses	105,800.00	90,800.00	70,685.98	8,132.26	11,981.76	-
Garbage and Trash						
Salaries & Wages	406,000.00	399,500.00	398,591.22		908.78	-
Other Expenses						
Tipping Fees	535,000.00	535,000.00	484,007.51	42,152.44	8,840.05	-
Miscellaneous Other Expenses	134,100.00	104,100.00	65,748.23	17,437.38	20,914.39	-
Public Buildings and Grounds						
Salaries & Wages	641,000.00	611,000.00	609,179.40		1,820.60	-
Other Expenses	287,000.00	307,000.00	253,532.18	18,937.59	34,530.23	-
Demolition						
Other Expenses	30,000.00	30,000.00			30,000.00	-
HEALTH AND WELFARE						
Board of Health						
Salaries & Wages	550.00	550.00	549.99		0.01	-
Other Expenses	20,000.00	-			-	-
Dog Regulation						
Other Expenses	79,935.00	79,935.00	76,835.00		3,100.00	-
PARK AND RECREATION						
Emergency Shore Protection						
Other Expenses	59,000.00	59,000.00	26,247.42	31,653.44	1,099.14	-
Beach Protection						
Salaries & Wages	320,000.00	311,500.00	311,448.32		51.68	-
Other Expenses	25,975.00	25,975.00	14,510.74	11,132.73	331.53	-
Community Center						
Other Expenses	42,850.00	42,850.00	30,970.38	9,062.90	2,816.72	-
Affordable Housing						
Salaries & Wages	2,500.00	2,500.00	2,499.93		0.07	-
Other Expenses	2,500.00	200.00	103.56		96.44	-
Sports and Recreation						
Salaries & Wages	70,500.00	64,500.00	63,608.85		891.15	-
Other Expenses	98,840.00	88,840.00	61,393.92	7,509.34	19,936.74	-

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	203,000.00	203,000.00	199,841.24		3,158.76	-
Other Expenses	7,475.00	7,475.00	5,960.88	111.55	1,402.57	-
Zoning/Code Official						
Salaries & Wages	15,000.00	15,000.00	14,999.85		0.15	-
Other Expenses	1,000.00	-			-	-
UNCLASSIFIED						
Celebration of Public Events	25,000.00	7,500.00	7,002.99		497.01	-
Compensation for Accumulated Absence	100.00	50,100.00	50,100.00		-	-
Drug and Alcohol Testing	5,200.00	5,200.00	4,040.00		1,160.00	-
UTILITY EXPENSES AND BULK PURCHASES						
Street Lighting	241,000.00	246,000.00	237,321.39	486.40	8,192.21	-
TOTAL OPERATIONS WITHIN "CAPS"	11,184,454.00	11,178,054.00	10,200,480.37	366,341.08	611,232.55	-
Contingent	-	-			-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	11,184,454.00	11,178,054.00	10,200,480.37	366,341.08	611,232.55	-
Detail:						
Salaries & Wages	4,788,448.00	4,823,348.00	4,760,252.35	-	63,095.65	-
Other Expenses	6,396,006.00	6,354,706.00	5,440,228.02	366,341.08	548,136.90	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None		-			-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	482,290.00	482,290.00	482,290.00		-	-
Social Security System (O.A.S.I.)	352,000.00	356,000.00	355,076.18		923.82	-
Unemployment Compensation Insurance	3,400.00	3,400.00	3,098.35		301.65	-
Defined Contribution Retirement Program	8,000.00	10,400.00	9,830.88		569.12	-

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	845,690.00	852,090.00	850,295.41	-	1,794.59	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	12,030,144.00	12,030,144.00	11,050,775.78	366,341.08	613,027.14	-
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
None		-			-	-
	-	-	-	-	-	-
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance Grant	21,446.00	21,446.00	21,446.00		-	-
Municipal Alliance Grant - Match	5,362.00	5,362.00	5,362.00		-	-
Cape May County Open Space Grant-Harbor Rd Bike Gateway	810,000.00	810,000.00	810,000.00		-	-
FEMA Energy Mitigation Grant	25,000.00	25,000.00	25,000.00		-	-
FEMA Energy Mitigation Grant - Local	8,400.00	8,400.00	8,400.00		-	-
Assistance to Firefighters Grant Program	27,404.77	27,404.77	27,404.77		-	-
Clean Communities Grant		35,477.83	35,477.83		-	-
Total Public and Private Programs Off-Set by Revenues	897,612.77	933,090.60	933,090.60	-	-	-
Total Operations - Excluded from "CAPS"	897,612.77	933,090.60	933,090.60	-	-	-
Detail:						
Salaries & Wages	-	-	-	-	-	-
Other Expenses	897,612.77	933,090.60	933,090.60	-	-	-
(C) Capital Improvements						
Capital Improvement Fund	40,000.00	40,000.00	40,000.00		-	-
Beach Replenishment Fund	40,000.00	40,000.00	40,000.00		-	-
Total Capital Improvements	80,000.00	80,000.00	80,000.00	-	-	-

The accompanying notes to the financial statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	520,000.00	520,000.00	520,000.00		-	-
Interest on Bonds	199,470.00	199,470.00	199,470.00		-	-
Interest on Notes	146,575.00	146,575.00	146,574.99		0.00	0.01
Total Debt Service	866,045.00	866,045.00	866,044.99	-	0.00	0.01
(E) Deferred Charges						
None	-	-	-		-	-
Total Deferred Charges	-	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,843,657.77	1,879,135.60	1,879,135.59	-	0.00	0.01
SUBTOTAL GENERAL APPROPRIATIONS	13,873,801.77	13,909,279.60	12,929,911.37	366,341.08	613,027.14	0.01
(M) Reserve for Uncollected Taxes	1,042,764.98	1,042,764.98	1,042,764.98		-	-
TOTAL GENERAL APPRORIATIONS	$ 14,916,566.75	14,952,044.58	13,972,676.35	366,341.08	613,027.14	0.01

Budget	14,916,566.75		
Appropriations by 40A:4-87	35,477.83	Cancelled	0.01
	14,952,044.58	Overexpended	-
			0.01

Reserve for Uncollected Taxes	1,042,764.98
Federal and State Grants	933,090.60
Deferred Charges	-
Capital Improvement Fund	80,000.00
Disbursements	11,916,820.77
	13,972,676.35

The accompanying notes to the financial statements are an integral part of this statement.

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EXHIBIT - B
TRUST FUND

Exhibit B
Sheet 1

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2020	2019
Assets			
Animal Control Fund			
Cash and Investments	$	7,420.61	7,153.68
Due from Current Fund		208.33	266.93
		7,628.94	7,420.61
Other Funds			
Cash and Investments - Treasurer		3,177,864.84	2,466,485.55
		3,177,864.84	2,466,485.55
	$	3,185,493.78	2,473,906.16

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit B
Sheet 2

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2020	2019
Liabilities, Reserves and Fund Balance			
Animal Control Fund			
Reserve for Animal Control Expenditures	$	7,628.94	7,420.61
		7,628.94	7,420.61
Other Funds			
Deposits for Tax Title Lien Certificates		24,007.66	204.87
Premiums Received at Tax Sale		77,100.00	90,300.00
Due to Current Fund		961.49	653.45
Reserve for Fire Safety		14,614.40	14,614.40
Due to State - Department of Labor		7,297.26	3,094.36
Reserve for Unemployment Compensation		126,116.01	116,445.32
Reserve for Developers' Escrow		31,177.56	20,892.33
Reserve for Client Funds Escrow		749,481.74	248,399.63
Reserve for Landfill Closure Fund		34,808.09	34,461.65
Reserve for Planning Board Escrow		23,775.66	32,729.41
Reserve for Recycling		360,605.44	390,564.08
Reserve for Recreation Fund		40,453.89	40,453.89
Reserve for Municipal Alliance		12,834.22	11,344.41
Reserve for Sick Pay		305,722.04	270,647.45
Reserve for Affordable Housing Trust		1,359,068.65	1,183,839.57
Reserve for UT Cafeteria Fund		465.21	465.21
Reserve for Recreation Donations		9,341.52	7,341.52
Reserve for Parking Offenses Adjudication Act		34.00	34.00
		3,177,864.84	2,466,485.55
	$	3,185,493.78	2,473,906.16

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT - C
GENERAL CAPITAL FUND

Exhibit C

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

ASSETS		2020	2019
Deferred Charges to Future Taxation -			
Unfunded	$	4,260,000.00	2,360,000.00
Funded		7,480,000.00	8,000,000.00
Interfunds and Receivables			
Due from Current Fund		3,436,865.63	5,847,934.62
Due from Current Fund - Reserved for BANS		-	4,510,000.00
		15,176,865.63	20,717,934.62

LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrances Payable		1,355,758.87	1,216,441.52
Bond Anticipation Notes Payable		-	4,510,000.00
General Serial Bonds		7,480,000.00	8,000,000.00
Improvement Authorizations:			
Funded		2,160,554.62	2,960,207.10
Unfunded		2,851,636.06	2,360,000.00
Reserve for PW Equipment		50,000.00	50,000.00
Reserve for Beach Replenishment		505,000.00	465,000.00
Reserve for Capital Projects		195,218.00	195,218.00
Reserve for Building Repairs		10,828.85	10,828.85
Reserve for Construction of Recreation Facilities		9,004.24	9,004.24
Reserve for Asbestos Abatement		86,700.00	86,700.00
Reserve for Preliminary Costs - Architectural		-	-
Reserve for Debt Service		72,090.50	72,090.50
Reserve to Pay Debt Service-2019 Bond Sale		54,358.80	376,728.72
Capital Improvement Fund		221,828.45	281,828.45
Fund Balance		123,887.24	123,887.24
	$	15,176,865.63	20,717,934.62

There were bonds and notes authorized but not issued at December 31,

2019	2,360,000.00
2020	4,260,000.00

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit C - 1

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

		2020	2019
Beginning Balance January 1	$	123,887.24	78,246.04
Increased by:			
Premiums on sale of Bonds & Notes		-	45,641.20
Decreased by:			
None		-	-
Ending Balance December 31	$	123,887.24	123,887.24

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit G

GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS
AS OF DECEMBER 31,

		2020	2019
General Fixed Assets:			
Land	$	21,163,891.00	21,134,057.00
Buildings		11,991,087.00	11,988,914.00
Machinery and Equipment		6,793,262.00	5,860,196.00
Total General Fixed Assets		39,948,240.00	38,983,167.00
Investment in General Fixed Assets	$	39,948,240.00	38,983,167.00

The accompanying notes to the financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Upper include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Upper, as required by N.J.S. 40A:5-5.

The Township of Upper is an offshore community located in the County of Cape May, State of New Jersey. The population according to the 2010 census is 12,373.

The Township of Upper is incorporated and operates under a Mayor and Committee form of government. The Mayor is the chief executive officer of the Township. The Township Committee is the law making body and passes all resolutions and ordinances.

Component units are legally separate organizations for which the township is financially accountable. The township is financially accountable for an organization if the township appoints a voting majority of the organization's governing board and (1) the township is able to significantly influence the programs or services performed or provided by the organization; or (2) the township is legally entitled to or can otherwise access the organization's resources; the township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the township in that the township approves the budget, the issuance of debt or the levying of taxes. The Township of Upper has component units consisting of four fire districts as defined by Governmental Accounting Standards Board (GASB).

B. Description of Funds

The accounting policies of the Township of Upper conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 the respect to public funds. Under this method of accounting, the Township of Upper accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

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C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund, such amounts are not recorded as revenue until collected. Other amounts that are due to the township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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 the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis. The Township charges appropriations in their annual budget and transfers these funds to a dedicated trust fund for Sick Pay.

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

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

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

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

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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 roads, bridges, curbs and gutters, streets and 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 except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of $2,000 are capitalized.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital fund 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.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Township of Upper to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first $1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of $1,500.00 becoming delinquent after due date and if a delinquency is in excess of $10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Township of Upper to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

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F. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after June 15, 2021, may have an effect on the Township's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement, which is effective for fiscal periods beginning after December 15, 2020, will not have any an effect on the Township's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91 "Conduit Debt Obligations". This statement, which is effective for fiscal periods beginning after December 15, 2021, will not have any an effect on the Township's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92 "Omnibus 2020". This statement, which is effective for fiscal periods beginning after June 15, 2021, will not have any an effect on the Township's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93 "Replacement of Interbank Offered Rates". This statement, which is effective for fiscal periods beginning after June 15, 2020, will not have any an effect on the Township's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94 "Public-Private and Public-Private Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the Township's financial reporting.

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides – through GASB Statement No. 93 and Implementation Guide No. 2019-03 – that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, are not deferred by either one year or eighteen months.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96 "Subscription-Based Information Technology Arrangements". This statement, which is effective for fiscal periods beginning after June 15, 2022, will not have any an effect on the Township's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is partially effective immediately and also for fiscal years beginning after June 15, 2021. This statement will not have any an effect on the Township's financial reporting.

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Note 2: BUDGETARY INFORMATION

NJSA 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 2020 and 2019, the following significant budget insertions were approved:

Budget Category	2020	2019
Clean Communities Program	$ 35,477.83	39,331.00
Assistance to Firefighters Grant Program		548,095.23
2019 Municipal Aid Program		150,000.00

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. As of December 31, 2020, the Township did not have any special emergency appropriations.

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of $1,042,764.98 and $1,028,641.41. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was $1,615,000.00 and $1,822,000.00.

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The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Committee. The following significant budget transfers were approved in the 2020 and 2019 calendar years:

Budget Category - Current Fund:	2020	2019
Financial Administration		
Other Expenses	$ 15,000.00	30,800.00
Legal Services		
Other Expenses	100,000.00	15,000.00
Special Litigation		
Other Expenses		(15,000.00)
Engineering Services		
Other Expenses		(20,000.00)
Public Information		
Salaries and Wages		(10,000.00)
Insurance		
Workers Compensation Insurance	(20,000.00)	
First Aid Organization		
Salaries and Wages	67,500.00	12,000.00
Municipal Court		
Other Expenses	(19,000.00)	
Regional Dispatch - Contractual		(13,000.00)
Road Repairs and Maintenance		
Salaries and Wages		(90,500.00)
Other Expenses	(35,800.00)	21,000.00
Recycling		
Salaries and Wages	(20,000.00)	
Other Expenses	(15,000.00)	
Garbage and Trash		
Salaries and Wages		(27,000.00)
Miscellaneous Other Expenses	(30,000.00)	
Tipping Fees		20,000.00
Public Buildings and Grounds		
Salaries and Wages	(30,000.00)	(45,000.00)
Other Expenses	20,000.00	
Board of Health		
Other Expenses	(20,000.00)	(20,000.00)
Beach Protection		
Salaries and Wages		23,300.00
Community Center		
Other Expenses		15,000.00
Construction Official		
Other Expenses		16,000.00
Celebration of Public Events	(17,500.00)	
Compensation for Accumulated Absences	50,000.00	60,000.00
Social Security		18,000.00

NOTE 3: INVESTMENTS

As of December 31, 2020 and 2019, the municipality held certificates of deposit in the amount of $34,808.09 and $34,461.65 respectively with Ocean First Bank. The certificates matured in 2020 and were rolled over for one year with an interest rate of 1.00%.

Interest Rate Risk - The municipality 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.

Credit Risk - New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: 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 municipality places no limit on the amount the township can invest in any one issuer.

NOTE 4: 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 municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the 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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2020, $68,165.11 of the government's bank balance of $16,774,185.13 was exposed to custodial credit risk. As of December 31, 2019, $202,139.39 of the government's bank balance of $22,335,587.59 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2020 and 2019:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Land	$ 21,135,600.00	66,557.00	(68,100.00)	21,134,057.00
Building	11,976,663.00	12,251.00		11,988,914.00
Machinery and Equipment	5,612,275.00	387,895.00	(139,974.00)	5,860,196.00
	$ 38,724,538.00	466,703.00	(208,074.00)	38,983,167.00

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Land	$ 21,134,057.00	29,834.00		21,163,891.00
Building	11,988,914.00	2,173.00		11,991,087.00
Machinery and Equipment	5,860,196.00	933,066.00		6,793,262.00
	$ 38,983,167.00	965,073.00	-	39,948,240.00

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/2018	Issued	Retired	Balance 12/31/2019
Bond Anticipation Notes payable:				
General	$ 5,210,000.00	4,510,000.00	5,210,000.00	4,510,000.00
	$ 5,210,000.00	4,510,000.00	5,210,000.00	4,510,000.00

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020
Bond Anticipation Notes payable:				
General	$ 4,510,000.00		4,510,000.00	-
	$ 4,510,000.00	-	4,510,000.00	-

The Capital Bond Anticipation Note was issued in the amount of $4,510,000.00 on January 24, 2019 and due and payable on January 24, 2020 with interest at 3.250%. This note was not renewed in 2020. As of December 31, 2020, the township has authorized but not issued bonds in the amount of $4,260,000.00 in the General Capital Fund.

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

	Balance 12/31/2018	Issued	Retired	Balance 12/31/2019	Amounts Due Within One Year
Other liabilities:					
Compensated Absences Payable	$ 643,420.42		98,350.59	545,069.83	
General Capital Fund Bonds Payable	-	8,000,000.00		8,000,000.00	520,000.00
Total long-term liabilities	$ 643,420.42	8,000,000.00	98,350.59	8,545,069.83	520,000.00

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020	Amounts Due Within One Year
Other liabilities:					
Compensated Absences Payable	$ 545,069.83	86,816.44		631,886.27	
General Capital Fund Bonds Payable	8,000,000.00		520,000.00	7,480,000.00	560,000.00
Total long-term liabilities	$ 8,545,069.83	86,816.44	520,000.00	8,111,886.27	560,000.00

Description of Bonds and Loans Payable

At December 31, 2020, bonds payable in the General Capital Fund consisted of the following individual issues:

$8,000,000.00 General Improvement Bonds dated December 18, 2019, due in annual installments beginning November 15, 2020 through November 15, 2029, bearing interest at various rates from 2.000% to 3.000% per annum. The balance remaining as of December 31, 2020, is $7,480,000.00.

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Outstanding

Year Ending December 31	General Capital Fund Principal	Interest
2021	$ 560,000.00	204,000.00
2022	640,000.00	187,200.00
2023	720,000.00	168,000.00
2024	800,000.00	146,400.00
2025	840,000.00	122,400.00
2026-2029	3,920,000.00	228,400.00
	$ 7,480,000.00	1,056,400.00

Summary of Municipal Debt	Year 2020	Year 2019	Year 2018
Issued:			
General - Bonds and Notes	$ 7,480,000.00	$ 12,510,000.00	$ 5,210,000.00
Total Issued	7,480,000.00	12,510,000.00	5,210,000.00
Authorized but not issued:			
General - Bonds and Notes	4,260,000.00	2,360,000.00	3,958,960.00
Total Authorized But Not Issued	4,260,000.00	2,360,000.00	3,958,960.00
Total Bonds & Notes Issued and Authorized But Not Issued	$ 11,740,000.00	$ 14,870,000.00	$ 9,168,960.00

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.588%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ -		-
General Debt	11,740,000.00	126,449.30	11,613,550.70
	$ 11,740,000.00	126,449.30	11,613,550.70

Net Debt $11,613,550.70 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $1,975,991,258.00 = 0.588%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	$	69,159,694.00
Net Debt		11,613,550.70
Remaining Borrowing Power	$	57,546,143.30

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in their respective funds for the year ending December 31, 2021 and 2020 were as follows:

		2021	2020
Current Fund	$	1,651,055.50	1,615,000.00

NOTE 9: SCHOOL TAXES

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

	12/31/2020	12/31/2019
Balance of Tax	$ 12,781,690.00	12,463,285.00
Deferred	7,300,000.00	7,300,000.00
Tax Payable	$ 5,481,690.00	5,163,285.00

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NOTE 10: 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:

	Balance 12/31/2020	Balance 12/31/2019
Prepaid Taxes	$ 500,300.37	$ 517,464.55
Cash Liability for Taxes Collected in Advance	$ 500,300.37	517,464.55

NOTE 11: PENSION FUNDS

Description of Plans

Substantially all of the township's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at -
http://www.state.nj.us/treasury/pensions/annrprts.shtml.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43: 15c-1 et seq. Currently there are eighteen individuals enrolled in DCRP.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 15.11% of covered payroll. The township's contributions to PERS for the years ended December 31, 2020, 2019, and 2018 were $482,290.00, $475,669.00, and $448,655.00.

The total payroll for the year ended December 31, 2020, 2019, and 2018 was $4,199,739.00, $4,115,093.13, and $3,861,864.03. Payroll covered by PERS was $3,623,072.00, $3,380,790.00, and $3,467,045.75.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2013.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an $8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the Township's pension liabilities. However, due to the fact that the Township reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the Township's pension liabilities as June 30, 2020:

Public Employees' Retirement System

The Township has a liability of $7,768,338.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. 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 employers, actuarially determined. At June 30, 2020, the Township's proportion would be 0.04763693110%, which would be a decrease of 3.79% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Township would have recognized pension expense of ($35,835.00). At December 31, 2020, the Township would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	$ 141,449	$ (27,472)
Changes of assumptions	252,014	(3,252,677)
Changes in proportion	241,046	
Net difference between projected and actual earnings on pension plan investments	265,528	(568,078)
Total	$ 900,037	$ (3,848,227)

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Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2021	$	(1,096,404)
2022		(999,587)
2023		(571,239)
2024		(230,999)
2025		(49,960)
Total	$	(2,948,190)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were base on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. 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 Township's proportionate share of the net pension liability to changes in the discount rate.

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The following presents the Township's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the net pension liability	$ 9,252,069	$ 7,768,338	$ 6,510,971

Pension plan fiduciary net position.

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

NOTE 13: POST-RETIREMENT BENEFITS

The Township utilizes Horizon Blue Cross Blue Shield of New Jersey to provide post-retirement benefits. During 2020, the Township provided post-employment health/prescription/and dental benefits of $750,506.53 to twenty-seven (27) retired employees. In accordance with GASB Statement 75 "Accounting and Financial Reporting For Post-employment Benefits Other Than Pensions" ("OPEB") and the State of New Jersey, the Township obtained an actuarial valuation of the liability for providing these benefits.

Township employees are also eligible to participate in the single – employer OPEB Plan discussed below.

A retiree and their covered dependents may also receive Township-paid dental and vision benefits for a period of 3 to 5 years in accordance with labor agreements if they meet any one of the following requirements:

(1) Twenty-five (25) years or more of full-time service with the Township and Twenty-five (25) years or more enrolled in the pension system; or

The Regulatory Basis of Accounting does not permit the accrual of Actuarily determined OPEB Expenses or Liabilities. The Township reports all OPEB related costs on the "pay as you go" basis. The following information is for disclosure purposes only and has not been accrued in the Financial Statements of the Township.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

The actuarial valuation report was based on 94 total participants including 28 retirees.

Annual OPEB Cost and Net OPEB Liability

The Township's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events fare into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2020, actuarial valuation, the "Entry-Age-Normal as a Percentage of Salary" method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 1.93%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 20 years.

Other Post-employment Benefit Costs and Obligations

In the January 1, 2020, actuarial valuation, the Actuarily Determined Contribution for the year ending December 31, 2020, were projected as follows:

		12/31/2020	12/31/2019	12/31/2018
Service Cost	$	971,751.00	851,021.00	868,997.00
20 Year Amortization of NOL at 1.93		3,039,006.00	2,788,372.00	2,629,941.00
Actuarily Determined Contribution		4,010,757.00	3,639,393.00	3,498,938.00
Actual Contribution		855,015.00	694,108.00	534,039.00
Excess Contribution	$	(3,155,742.00)	(2,945,285.00)	(2,964,899.00)
Covered Payroll	$	3,854,447.00	3,723,621.00	3,432,599.00
Actuarily Determined Contribution as a % of Covered Payroll		104.06%	97.74%	101.93%

The following reflects the change in the Total OPEB Liability as of the January 1, 2020, valuation date for the Year ended December 31, 2020.

		12/31/2020	12/31/2019	12/31/2018
OPEB Liability, Beginning of Year	$	44,144,758.00	39,132,187.00	37,145,294.00
Changes for the Year:				
Service Cost		971,751.00	851,021.00	868,997.00
Interest		1,425,182.00	1,411,779.00	1,342,369.00
Assumption Changes & Difference Between Actual & Expected Experience		1,235,075.00	93,144.00	309,566.00
Change in Assumptions		11,250,497.00	3,350,735.00	-
Benefit Payments		(855,015.00)	(694,108.00)	(534,039.00)
OPEB Liability, End of Year	$	58,172,248.00	44,144,758.00	39,132,187.00
Covered payroll (for Covered Participants)	$	3,854,447.00	3,723,621.00	3,432,599.00
Total OPEB liability as a percentage of covered payroll		1509.22%	1185.53%	1140.02%

Sensitivity of the total OPEB liability to changes in the discount rate.

The January 1, 2020 valuation was prepared using a discount rate of 1.93%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to $49,711,642.00 or by 2.93%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to $66,632,854.00 or by 0.93%.

	Discount Rate		
	1% Decrease	Baseline 1.93%	1% Increase
Total OPEB Liability	$ 66,632,854.00	$ 58,172,248.00	$ 49,711,642.00

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The January 1, 2020, valuation was prepared using an initial trend rate of 8.00%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to $71,478,564.00 or by 9.00%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to $47,230,879.00 or by 7.00%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.00%	1% Increase
Total OPEB Liability	$ 47,230,879.00	$ 58,172,248.00	$ 71,478,564.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Township's Actuarily determined OPEB expense was $5,519,621.00. At December 31, 2020, the Township reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in January 1, 2020 OPEB Liability due to Actuarial		
Differences between expected & actual assumption	$ 1,204,940.00	$ -
Changes of assumptions	11,234,221.00	
Total	$ 12,439,161.00	$ -

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in OPEB expense as follows:

For the Year Ending December 31,		
2021	$	3,122,688.00
2022		3,122,688.00
2023		3,122,688.00
2024		3,071,097.00
2025		-
Thereafter		-
	$	12,439,161.00

NOTE 14: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused vacation, personal and sick time. It is the Township's policy that any unused vacation time may be carried forward into the next succeeding year only. Personal days must be taken during the current calendar year. Any unused personal time may not be carried forward into the next succeeding year. Employees will be paid for earned but unused sick days upon retirement at a rate of 50%, with a maximum of $10,000.00. Department heads and supervisors are compensated at the rate of 75% of their unused sick time upon retirement. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate $631,886.27 in 2020 and $545,069.83 in 2019. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The township does not accrue the liability.

NOTE 15: ECONOMIC DEPENDENCY

The Township of Upper has a major source of revenue from the State of New Jersey in the form of the Energy Receipts Tax and Garden State Trust. For 2020, the Township received $6,323,652.99.00, which represents approximately 42% of budgeted revenues. Any significant reduction in this State aid would have a negative impact on the Township, specifically in the form of a significant effect on the local tax levy. The Township utilizes State Police protection. Any change in this would have a negative impact on the Township.

NOTE 16: RISK MANAGEMENT

The township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2020 and 2019 the township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The township is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The township has a general liability limit of $100,000 under JIF, which increases to $5,000,000 under MEL.

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

Calendar Year	Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2020	37,694.48	2,045.93	30,069.72	126,116.01
2019	30,941.22	1,156.97	17,115.44	116,445.32
2018	31,150.25	639.43	22,773.20	101,462.57

NOTE 17: DEFERRED COMPENSATION

Employees of the Township of Upper may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the township has an obligation of due care in selecting the third party administrator. In the opinion of the township's legal counsel, the township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The plans are administered by Nationwide and Mass Mutual Financial Group.

NOTE 18: CONTINGENT LIABILITIES

From time to time, the township is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the township's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

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NOTE 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2020, the following interfunds were included on the balance sheets of the various funds of the Township of Upper:

		Due From	Due To
Current Fund:			
General Capital Fund	$		3,436,865.63
Grant Fund		79,872.43	
Trust Other		961.49	
Animal Control Fund			208.33
Grant Fund:			
Current Fund			79,872.43
Trust Fund:			
Current - Tax Title Lien			961.49
Current - Animal Control		208.33	
General Capital Fund:			
Current Fund		3,436,865.63	
	$	3,517,907.88	3,517,907.88

The amount due to the General Capital and Grant funds from the Current fund is due to the fact that there is only one bank account. The amount due from the Animal Control Fund represents the statutory excess accumulated in the Animal Control Fund in the current year. The remaining tax title lien redemption trust are due to amounts that should have been transferred to the proper bank accounts for interest earned on the accounts.

NOTE 20: SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 25, 2021, the date which the financial statements were available to be issued and identified no significant events for disclosure.

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SUPPLEMENTARY INFORMATION

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

To the Honorable Mayor and
Members of the Township Committee
Township of Upper
2100 Tuckahoe Road
Tuckahoe, New Jersey 08250

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township of Upper's basic financial statements, and have issued our report thereon dated June 25, 2021, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Upper's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 25, 2021

TOWNSHIP OF UPPER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	**Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting".**
Internal control over financial reporting:	
1) Material Weakness identified?	**NO**
2) Significant Deficiency identified?	**NO**
Non-Compliance material to Financial Statements – Regulatory Basis noted?	**NO**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that is required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

A corrective action plan is not required for 2020.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

Exhibit A - 4

CURRENT FUND
SCHEDULE OF CASH - TREASURER

		Current Fund
Balance December 31, 2019	$	19,828,171.64
Increased by Receipts:		
Tax Collector	36,799,607.52	
Revenue Accounts Receivable	7,994,225.33	
Miscellaneous Revenue	194,830.54	
Due from State - Veterans and Senior Citizens	109,062.34	
Accrued Payroll Taxes	5,586,433.94	
Marriage & Civil Union License Fees Due to State	1,700.00	
Hunting and Fishing License Fees Due to State	3,959.50	
Dog License Fees Due to State	1,455.00	
DCA Training Fees Due to State	15,824.00	
Petty Cash & Change Funds	100.00	
Due from Federal and State Grant Fund	1,090,839.57	
Due from Other Trusts	653.45	
Due from Animal Control	3,021.50	
Reserve for Capital Projects	8,470.00	
		51,810,182.69
		71,638,354.33
Decreased by Disbursements:		
Current Year Appropriation	11,916,820.77	
Prior Year Appropriations	420,269.97	
County Taxes	5,390,325.04	
Local District School Taxes	25,243,976.00	
Special District Taxes	1,846,038.00	
Refund of Tax Overpayments	30,220.08	
Payroll Taxes and Deductions	5,586,161.66	
Due State For Marriage Licenses & Civil Unions	1,450.00	
Due State for Hunting and Fishing Licenses	3,867.25	
Due to State for Dog Licenses	1,457.40	
Due State for DCA Training Fees	12,471.00	
Due to General Capital	6,678,699.07	
Due to Animal Control	3,080.10	
Due to Federal and State Grant Fund	997,911.84	
Reserve for Capital Projects	1,400.00	
Refund of Prior Year Revenue	1,037.60	
		58,135,185.78
Balance December 31, 2020	$	13,503,168.55

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

Year	Balance Dec. 31, 2019	Current Year Levy	Added Taxes	Collections by Cash 2019	Collections by Cash 2020	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2020
Arrears	$ -							-
2019	442,372.30				440,191.53	922.20	1,258.57	0.00
	442,372.30	-	-	-	440,191.53	922.20	1,258.57	0.00
2020	-	36,690,934.26	16,862.49	517,464.55	35,711,312.67	23,890.28	23,752.99	431,376.26
	$ 442,372.30	36,690,934.26	16,862.49	517,464.55	36,151,504.20	24,812.48	25,011.56	431,376.26

36,106,759.40	Cash Receipts	
110,759.56	Senior Citizens and Veterans	
(66,014.76)	Other	
36,151,504.20		

Analysis of Current Year Tax Levy

Tax Yield:		
General Property Tax	34,844,896.26	
Special District Taxes	1,846,038.00	
Added Taxes (54:4-63.1 et. Seq.)	16,862.49	
		36,707,796.75
Tax Levy:		
General County Taxes	4,504,134.45	
County Library Taxes	671,594.53	
County Health Service Taxes	-	
County Open Space Taxes	197,448.47	
County Added and Omitted Taxes	18,485.51	
Total County Taxes		5,391,662.96
Local School District Tax		25,562,381.00
Additional Local School District Tax		
Special District Tax		1,846,038.00
Local Tax for Municipal Purposes	3,747,413.06	
Add: Additional Tax Levied	160,301.73	
		3,907,714.79
		36,707,796.75

See Accompanying Auditor's Report

Exhibit A - 7

CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS

Balance December 31, 2019		$ 164,611.96
Increased by:		
Transfers from Taxes Receivable	25,011.56	
Interest and Costs Accrued by Sale November 17, 2020	301.51	
Demolitions and Clean Ups	207,645.03	
		232,958.10
		397,570.06
Decreased by:		
Collections	59,277.61	
		59,277.61
Balance December 31, 2020		$ 338,292.45

Exhibit A - 8

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2019	Accrued in 2020	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2020
Licenses:					
Alcoholic Beverages	$ -	5,300.00		5,300.00	-
Fines and Costs:					
Municipal Court	3,788.40	54,329.72		54,757.82	3,360.30
Interest and Costs on Taxes	-	133,270.14	133,270.14		-
Interest Earned on Investments	-	233,966.00		233,966.00	-
Energy Receipts Tax	-	6,191,481.99		6,191,481.99	-
Garden State Preservation Trust Fund	-	132,171.00		132,171.00	-
EMS Ambulance Fees	-	310,248.71		310,248.71	-
Host Community Benefits	-	510,357.40		510,357.40	-
Cable TV Fees	-	60,842.07		60,842.07	-
Cell Tower Fees	-	106,507.23		106,507.23	-
Dennis Twp & Corbin City - Municipal Court	-	147,471.60		147,471.60	-
Reserve for Debt Service	-	322,369.92		322,369.92	-
Uniform Construction Code Fees	-	242,083.00		242,083.00	-
Miscellaneous Revenue Not Anticipated	-	194,830.54		194,830.54	-
	$ 3,788.40	8,645,229.32	133,270.14	8,512,387.28	3,360.30

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee					
Other Expenses	$ 1,102.80	1,102.80	1,017.95	84.85	-
Township Clerk					
Other Expenses	23,319.06	23,319.06	16,073.71	7,245.35	-
Financial Administration					
Other Expenses					
Computer Services	31,932.96	31,932.96	10,640.65	21,292.31	-
Miscellaneous Other Expenses	35,250.95	35,250.95	35,250.95	-	-
Assessment of Taxes					
Other Expenses	4,588.39	4,588.39	2,880.32	1,708.07	-
Collection of Taxes					
Miscellaneous Other Expenses	2,538.13	2,538.13	289.98	2,248.15	-
Legal Services					
Other Expenses	20,056.50	20,056.50	2,825.20	17,231.30	-
Special Litigation					
Other Expenses	22,319.00	22,319.00	8,037.36	14,281.64	-
Engineering Services					
Other Expenses	83,714.08	83,714.08	15,095.75	68,618.33	-
Public Information					
Other Expenses - UTTV2	2,100.00	2,100.00	1,062.73	1,037.27	-
INSURANCE					
General Liability	261.77	261.77	85.00	176.77	-
Workers Compensation Insurance	82,927.38	27,927.38		27,927.38	-
Employee Group Health	21,899.92	31,899.92	31,899.92	0.00	-
Health Benefit					
Salaries & Wages	2,420.32	2,420.32	2,000.00	420.32	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	4,888.03	4,888.03	1,416.12	3,471.91	-
Zoning Board of Adjustment					
Other Expenses	196.55	196.55	196.55	-	-

Exhibit A - 9

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
PUBLIC SAFETY					
First Aid Organization					
Other Expenses	36,057.04	36,057.04	27,803.00	8,254.04	-
Emergency Management Services					
Other Expenses	24,203.49	24,203.49	18,906.80	5,296.69	-
Municipal Court					
Other Expenses	2,935.06	2,935.06	2,573.25	361.81	-
PUBLIC WORKS					
Road Repairs and Maintenance					
Salaries & Wages	11,197.82	1,197.82		1,197.82	-
Other Expenses					
Surfacing of Roads	7,580.35	7,580.35	3,154.00	4,426.35	-
Miscellaneous Other Expenses	30,679.67	30,679.67	30,384.42	295.25	-
Recycling					
Other Expenses	12,237.12	12,237.12	10,145.81	2,091.31	-
Garbage and Trash					
Other Expenses					
Tipping Fees	41,033.10	96,033.10	83,410.82	12,622.28	-
Miscellaneous Other Expenses	34,127.24	34,127.24	29,119.95	5,007.29	-
Public Buildings and Grounds					
Other Expenses	71,706.62	71,706.62	26,593.45	45,113.17	-
HEALTH AND WELFARE					
Dog Regulation					
Other Expenses	3,730.63	3,730.63	2,300.00	1,430.63	-
PARK AND RECREATION					
Emergency Shore Protection					
Other Expenses	26,876.03	26,876.03	16,574.83	10,301.20	-
Beach Protection					
Other Expenses	2,402.21	2,402.21	1,780.00	622.21	-
Community Center					
Other Expenses	9,174.24	9,174.24	9,144.59	29.65	-
Sports and Recreation					
Other Expenses	9,962.59	9,962.59	9,962.59	-	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over-Expended
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official					
Other Expenses	3,463.17	3,463.17	1,369.20	2,093.97	-
UNCLASSIFIED					
Drug and Alcohol Testing	855.00	855.00	551.00	304.00	-
UTILITY EXPENSES AND BULK PURCHASES					
Street Lighting	17,724.07	17,724.07	17,724.07	-	-
All Other Accounts - No Change	53,629.04	53,629.04		53,629.04	-
	$ 739,090.33	739,090.33	420,269.97	318,820.36	-

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2019		
School Tax Payable	$ 5,163,285.00	
School Tax Deferred	7,300,000.00	
		$ 12,463,285.00
Increased by:		
Levy - School Year July 1, 2020 to June 30, 2021		25,562,381.00
		38,025,666.00
Decreased by:		
Payments		25,243,976.00
Balance December 31, 2020		
School Tax Payable	5,481,690.00	
School Tax Deferred	7,300,000.00	
		12,781,690.00
Current Year Liability for Local School District School Tax:		
Tax Paid		25,243,976.00
Tax Payable Ending		5,481,690.00
		30,725,666.00
Less: Tax Payable Beginning		5,163,285.00
Amount charged to Current Year Operations		$ 25,562,381.00

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose		Balance Dec. 31, 2019	Transferred From 2020 Revenues	Received	Balance Dec. 31, 2020
FEDERAL GRANTS:					
FEMA Energy Mitigation Grant	$	23,660.00			23,660.00
FEMA Energy Mitigation Grant - 2019		10,000.00		10,000.00	-
FEMA Energy Mitigation Grant - 2020		-	25,000.00		25,000.00
Federal Emergency Management - Firefighters Grant		548,095.23	27,404.77	575,500.00	-
Total Federal		581,755.23	52,404.77	585,500.00	48,660.00
STATE GRANTS:					
Clean Communities		296.53	35,477.83	35,477.83	296.53
NJ Hazardous Site Remediation		94,935.00			94,935.00
2017 Municipal Aid - NJ DOT		158,000.00		158,000.00	-
2018 Municipal Aid - NJ DOT		175,000.00		175,000.00	-
2019 Municipal Aid - NJ DOT		150,000.00		112,500.00	37,500.00
CM Open Space - Harbor Road Bike/Pedestrian Gateway		500,000.00			500,000.00
Cape May County Open Space Grant-Harbor Rd Bike Gateway		-	810,000.00		810,000.00
Total State		1,078,231.53	845,477.83	480,977.83	1,442,731.53
LOCAL GRANTS:					
Municipal Alliance		66,675.42	21,446.00	13,356.74	74,764.68
Main Street Market Assessment		86.00			86.00
Total Local		66,761.42	21,446.00	13,356.74	74,850.68
	$	1,726,748.18	919,328.60	1,079,834.57	1,566,242.21

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2019					
	Appropriated	Reserve for Encumbrances	2020 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2020
FEDERAL GRANTS:						
FEMA Energy Mitigation Grant	$ 23,660.00					23,660.00
FEMA Energy Mitigation Grant - 2018	5,800.00					5,800.00
FEMA Energy Mitigation Grant - 2019	20,003.63					20,003.63
FEMA Energy Mitigation Grant - 2020	-		33,400.00		33,400.00	-
2019 Federal Emergency Management - Firefighters Grant	548,095.23		27,404.77	575,500.00		-
Total Federal	597,558.86	-	60,804.77	575,500.00	33,400.00	49,463.63
STATE GRANTS:						
Clean Communities	41,468.79	60.00	35,477.83	21,164.24	9,315.00	46,527.38
Drunk Driving Enforcement	125.68					125.68
NJ Hazardous Site Remediation	68,261.50					68,261.50
Sustainable Jersey Grant	361.12					361.12
2017 Municipal Aid - NJ DOT	-	64,968.60		64,968.60		-
2018 Municipal Aid - NJ DOT	-	54,146.92		54,146.92		-
2019 Municipal Aid - NJ DOT	150,000.00			150,000.00		-
CM Open Space - Harbor Road Bike/Pedestrian Gateway	431,379.54			103,131.62	59,666.46	268,581.46
Cape May County Open Space Grant-Harbor Rd Bike Gateway	-		810,000.00			810,000.00
NJ Office of Emergency Management	15,000.00					15,000.00
NJ Office of Emergency Management - 2016	7,000.00					7,000.00
NJ Office of Emergency Management - 2017	20,000.00					20,000.00
Total State	733,596.63	119,175.52	845,477.83	393,411.38	68,981.46	1,235,857.14
LOCAL GRANTS:						
Municipal Alliance	58,713.70	1,655.31	26,808.00	17,995.46	1,362.00	67,819.55
Main Street Market Assessment	86.00					86.00
Total Local	58,799.70	1,655.31	26,808.00	17,995.46	1,362.00	67,905.55
	$ 1,389,955.19	120,830.83	933,090.60	986,906.84	103,743.46	1,353,226.32

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

Purpose		Balance Dec. 31, 2019	Transferred To 2020 Approproriations	Received	Balance Dec. 31, 2020
FEDERAL GRANTS:					
None	$	-			-
Total Federal		-	-	-	-
STATE GRANTS:					
Emergency Management		29,400.00			29,400.00
Total State		29,400.00	-	-	29,400.00
	$	29,400.00	-	-	29,400.00

Exhibit B-1

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2019		$ 7,153.68
Increased By Receipts:		
Dog License Fees	3,080.10	
Interest Earned	133.51	
		3,213.61
		10,367.29
Decreased By Disbursements:		
Paid to Current Fund - Interest Earned	133.51	
Due to Current Fund - Statutory Excess	1,183.17	
Animal Control Expenditures	1,630.00	
		2,946.68
Balance December 31, 2020		$ 7,420.61

Exhibit B-2

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2019		$	2,466,485.55
Increased By Receipts:			
Recycling	11,437.20		
Developers Escrow	18,182.56		
Sick Pay Reserve	53,164.57		
Affordable Housing Trust	195,169.08		
Client Funds Escrow Deposits	506,957.49		
Landfill Closure	346.44		
Planning Board Escrow Review Fees	41,150.00		
Municipal Alliance	1,514.90		
Unemployment Compensation	45,499.78		
Tax Sale Premiums	77,100.00		
TTL Redemptions	115,677.13		
Recreation Donations	2,000.00		
Health Reimbursement Trust	23,671.03		
Interest Earned on Deposits - Due to Current Fund	9,225.91		
			1,101,096.09
			3,567,581.64
Decreased By Disbursements:			
Sick Pay Reserve	18,089.98		
Planning Board Escrow	50,103.75		
Recycling	41,395.84		
Developers Escrow	7,897.33		
Client Funds Escrow Deposits	5,875.38		
Affordable Housing Trust	19,940.00		
Municipal Alliance	25.09		
Unemployment Compensation	22,772.46		
Due to State - Department of Labor	8,853.73		
Refunds - Tax Sale Certificates	91,874.34		
Tax Sale Premiums	90,300.00		
Health Reimbursement Trust	23,671.03		
Payments to Current Fund - Revenues	8,917.87		
			389,716.80
Balance December 31, 2020		$	3,177,864.84

Exhibit B-3

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2019		$ 7,420.61
Increased By:		
Dog Licenses Fees	2,534.00	
Interest on Deposits	133.51	
Duplicate & Late Fees Collected	487.50	
		3,155.01
		10,575.62
Decreased By Disbursements:		
Animal Control Expenditures	1,630.00	
Due to Current - Statutory Excess	1,183.17	
Interest Paid to Current Fund	133.51	
		2,946.68
Balance December 31, 2020		$ 7,628.94

License and Other Fees Collected	Year	
	2018	4,050.39
	2019	3,621.62
		$ 7,672.01

Exhibit B-4

TRUST FUND
SCHEDULE OF DUE TO (FROM) CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2019		$ (266.93)
Increased By:		
Dog License Fees Collected In Current Fund	3,021.50	
Interest Paid to Current Fund	133.51	
Due to Current Fund - Statutory Excess		
		3,155.01
		2,888.08
Decreased By:		
Dog License Fees Received from Current Fund	3,080.10	
Interest Earned	133.51	
Due from Current Fund - Statutory Excess		
		3,213.61
Balance December 31, 2020		$ (208.33)

Exhibit C - 3

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2019	Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	$ 123,887.24							123,887.24
Capital Improvement Fund	281,828.45					100,000.00	40,000.00	221,828.45
Encumbrances Payable	1,216,441.52					1,216,441.52	1,355,758.87	1,355,758.87
Due from Current Fund	(5,847,934.62)	2,168,699.07				80,000.00	322,369.92	(3,436,865.63)
Reserve to Pay Debt Service-2019 Bond Sale	376,728.72					322,369.92		54,358.80
Reserve for PW Equipment	50,000.00							50,000.00
Reserve for Beach Replenishment	465,000.00						40,000.00	505,000.00
Reserve for Building repairs	10,828.85							10,828.85
Reserve for Capital Projects	195,218.00							195,218.00
Reserve to Pay Debt Service	72,090.50							72,090.50
Reserve for Construction of Recreation Facilities	9,004.24							9,004.24
Reserve for Asbestos Abatement	86,700.00							86,700.00
Reserve for Preliminary Costs - Architectural	-				4,985.29		4,985.29	-
Improvement Authorizations:								
1-00 Rescue Squad Improvements	2,511.45							2,511.45
7-00 Community Center	2,179.00							2,179.00
14-06 Imp to Recreation Fields	1,728.75							1,728.75
12-07 Purchase of Ambulance	3,810.23							3,810.23
13-08 Beach Replenishment	319,058.31			527.03			274.00	318,805.28
16-09 Street Sweeper	55,725.00							55,725.00
09-10 Ambulance	5,122.20							5,122.20
11-10 Phone System	4,090.26							4,090.26
19-11 Beach Replenishment	635,952.57			1,581.08			822.00	635,193.49
15-12 Sand Fence Replacement	122,175.00							122,175.00
5-13 Multi-Purpose Equipment/Paving	204,741.67			7,378.36		5,000.00	3,836.00	196,199.31
10-13 Street Signs	1,696.50							1,696.50
08-16 Various Improvements	111,494.57			7,641.88		6,300.00	3,973.00	101,525.69
12-18 Various Improvements	1,389,921.59			1,872,076.91		110,603.45	1,202,551.23	609,792.46
20-19 Various Improvements	100,000.00			274,508.52		1,233,855.42		(1,408,363.94)
10-20 Various Improvements	-						100,000.00	100,000.00
	$ -	2,168,699.07	-	2,163,713.78	4,985.29	3,074,570.31	3,074,570.31	-

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2019		$ 281,828.45
Increased by:		
Current Fund Budget Appropriations	40,000.00	
		40,000.00
		321,828.45
Decreased by:		
Improvement Authorizations Funded	100,000.00	
		100,000.00
Balance December 31, 2020		$ 221,828.45

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2019		$ 8,000,000.00
Increased by:		
None	-	
		-
		8,000,000.00
Decreased by:		
Serial Bonds Paid	520,000.00	
		520,000.00
Balance December 31, 2020		$ 7,480,000.00

Exhibit C - 6

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

Ord #	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Raised in Budget	Balance Dec. 31, 2020	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
19-11	Beach Replenishment	$ 160,000.00			160,000.00			160,000.00
12-18	Various Improvements	300,000.00			300,000.00			300,000.00
20-19	Various Improvements	1,900,000.00			1,900,000.00		1,408,363.94	491,636.06
10-20	Various Improvements	-	1,900,000.00		1,900,000.00			1,900,000.00
		$ 2,360,000.00	1,900,000.00	-	4,260,000.00	-	1,408,363.94	2,851,636.06

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2019 Funded	Balance December 31, 2019 Unfunded	Authorizations: Other Funding	Authorizations: Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2020 Funded	Balance December 31, 2020 Unfunded
1-00	Improvements	4/10/2000	16,000	$ 2,511.45					2,511.45	
7-00	Comm'y Center Improvements	9/1/2000	11,000	2,179.00					2,179.00	
14-06	Imp to Recreation Fields	5/8/2006	163,730	1,728.75					1,728.75	
12-07	Purchase of Ambulance	7/9/2007	190,000	3,810.23					3,810.23	
13-08	Beach Replenishment	8/11/2008	3,000,000	319,058.31				253.03	318,805.28	
16-09	Street Sweeper	7/13/2009	250,000	55,725.00					55,725.00	
09-10	Ambulance	8/23/2010	90,000	5,122.20					5,122.20	
11-10	Phone System	10/18/2010	23,000	4,090.26					4,090.26	
19-11	Beach Replenishment	8/9/2011	4,400,000	635,952.57	160,000.00			759.08	635,193.49	160,000.00
15-12	Sand Fence Replacement	12/17/2012	255,000	122,175.00					122,175.00	
05-13	Multi-Purpose Equipment/Paving	4/8/2013	3,748,000	204,741.67				8,542.36	196,199.31	
10-13	Street Signs	8/12/2013	20,000	1,696.50					1,696.50	
08-16	Various Improvements	4/25/2016	2,970,300	111,494.57				9,968.88	101,525.69	
12-18	Various Improvements	9/24/2018	3,238,500	1,389,921.59	300,000.00			780,129.13	609,792.46	300,000.00
20-19	Various Improvements	12/9/2019	2,000,000	100,000.00	1,900,000.00			1,508,363.94		491,636.06
10-20	Various Improvements	11/9/2020	2,000,000	-	-	100,000.00	1,900,000.00		100,000.00	1,900,000.00
				$ 2,960,207.10	2,360,000.00	100,000.00	1,900,000.00	2,308,016.42	2,160,554.62	2,851,636.06

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2020 Date	Amount	Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
General Improvement Bonds, Series 2019	12/18/2019	$ 8,000,000	11/15/2021	$ 560,000.00	3.000%	$ 8,000,000.00		520,000.00	7,480,000.00
			11/15/2022	640,000.00	3.000%				
			11/15/2023	720,000.00	3.000%				
			11/15/2024	800,000.00	3.000%				
			11/15/2025	840,000.00	3.000%				
			11/15/2026	920,000.00	3.000%				
			11/15/2027	960,000.00	3.000%				
			11/15/2028	1,000,000.00	2.000%				
			11/15/2029	1,040,000.00	2.000%				
						$ 8,000,000.00	-	520,000.00	7,480,000.00

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
Multi-Purpose Equipment/Paving	05-2013	1/30/2014	1/24/2019	1/24/2020	3.250%	$ 1,185,000.00		1,185,000.00	-
		6/7/2018	1/24/2019	1/24/2020	3.250%	1,005,000.00		1,005,000.00	-
Various Improvements	08-2016	1/27/2017	1/24/2019	1/24/2020	3.250%	1,520,000.00		1,520,000.00	-
		6/7/2018	1/24/2019	1/24/2020	3.250%	800,000.00		800,000.00	-
						$ 4,510,000.00	-	4,510,000.00	-

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Budget Appropriation	Balance Dec. 31, 2020
19-11	Beach Replenishment	$ 160,000.00			160,000.00
12-18	Various Improvements	300,000.00			300,000.00
20-19	Various Improvements	1,900,000.00			1,900,000.00
10-20	Various Improvements	-	1,900,000.00		1,900,000.00
		$ 2,360,000.00	1,900,000.00	-	4,260,000.00

TOWNSHIP OF UPPER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2020

GENERAL COMMENTS

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

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. Effective July 1, 2015, the bid threshold was $40,000. However, effective July 1, 2020, pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at $44,000 with the appointment of a qualified purchasing agent. The Township adopted the bid threshold of $44,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11

The minutes indicate that bids were sought by public advertising for the following items:

Reconstruction of Commonwealth Avenue Phase II and 2020 Township Paving Program
Vehicle Pressure Wash System Replacement Project
Design/Build Post Frame Buildings (30' x 60') Project (rejected bids)

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S. 40A:11-5.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Township Committee of the Township of Upper, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Upper, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first $1,500 of delinquency and 18 per cent per annum on any amount in excess of $1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

BE IT FURTHER RESOLVED by the Township Committee of the Township of Upper, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than $10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2020.

This Resolution shall take effect January 1, 2020.

It appears from an examination of the collector's records that interest was charged in accordance with the forgoing resolution.

Delinquent Taxes and Tax Title Liens

The tax sale was held on November 17, 2020 and was complete.

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

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

Year	Number
2020	96
2019	94
2018	97

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

Verification of Delinquent Taxes and Other Charges

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

Type:	Number Mailed
Payments of 2020 and 2021 Taxes	25
Delinquent Taxes	25
Total	50

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

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

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collections
2020	$ 36,707,796.75	36,228,777.22	98.70%
2019	35,793,298.97	35,286,876.66	98.59%
2018	34,778,553.49	34,217,112.66	98.39%
2017	34,218,916.68	33,710,739.04	98.51%
2016	33,515,674.85	32,947,416.03	98.30%

Comparative Schedule of Tax Rate Information

		2020	2019	2018	2017	2016
Tax Rate	$	1.856	1.811	1.764	1.744	1.772
Apportionment of Tax Rate:						
Municipal		0.201	0.196	0.183	0.171	0.171
County		0.288	0.283	0.278	0.280	0.279
Local School		1.367	1.332	1.303	1.293	1.322
Assessed Valuation		1,870,526,600	1,871,535,900	1,864,327,932	1,856,932,457	1,790,689,761

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

Year		Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2020	$	338,292.45	431,376.26	769,668.71	2.10%
2019		164,611.96	442,372.30	606,984.26	1.70%
2018		141,452.43	495,853.28	637,305.71	1.83%
2017		232,277.86	431,048.67	663,326.53	1.94%
2016		215,430.66	501,103.79	716,534.45	2.14%

Uniform Construction Code

The Township of Upper's construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

> "All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either
>
> a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
> b. be deposited to the credit of the local unit in its designated legal depository."

Our examination revealed that municipal funds were deposited within the mandated time.

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FINDINGS AND RECOMMENDATIONS

None

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the Township Committee in response to comments, if any.

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 25, 2021