

TOWNSHIP OF UPPER
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2021

TOWNSHIP OF UPPER

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TOWNSHIP OF UPPER

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2021



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

Opinions

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, 2021 and 2020, 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, 2021 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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, 2021 and 2020, 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 balances sheets and account group as of December 31, 2021 and 2020, 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, 2021 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.

Basis for Opinions

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

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

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

Responsibilities of Management 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.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the Township of Upper's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Upper 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2022, 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 the effectiveness 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

July 8, 2022

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EXHIBIT - A
CURRENT FUND

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

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 14,666,844.78	13,503,168.55
Cash - Change	500.00	600.00
Total Cash	<u>14,667,344.78</u>	<u>13,503,768.55</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	484,103.64	431,376.26
Tax Title and Other Liens	82,987.57	338,292.45
Property Acquired for Taxes - at Assessed Valuation	3,790,699.00	3,429,399.00
Revenue Accounts Receivable	4,082.71	3,360.30
Interfund Receivable:		
Federal and State Grant Fund	1,732,464.99	79,872.43
Trust - Other	1,452.61	961.49
Animal Control Trust Fund	895.38	-
Total Receivables and Other Assets	<u>6,096,685.90</u>	<u>4,283,261.93</u>
Total Regular Fund	<u>20,764,030.68</u>	<u>17,787,030.48</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	<u>2,632,704.62</u>	<u>1,566,242.21</u>
Total Federal and State Grant Fund	<u>2,632,704.62</u>	<u>1,566,242.21</u>
Total Current Fund	<u>\$ 23,396,735.30</u>	<u>19,353,272.69</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 726,333.90	613,027.14
Reserve for Encumbrances/Accounts Payable	448,923.13	366,341.08
Payroll Taxes Payable	688.34	494.30
Prepaid Taxes	523,216.24	500,300.37
Overpaid Taxes	7,451.72	50,089.45
Local School Tax Payable	5,940,183.00	5,481,690.00
County Added Tax Payable	32,342.25	18,485.51
Due to State:		
Marriage Licenses	550.00	575.00
DCA Fees	5,113.00	6,392.00
Animal Control Fees	-	2.40
Other	24,313.82	25,876.86
Hunting Licenses	-	167.50
Interfund Payable:		
General Capital Fund	4,781,566.41	3,436,865.63
Animal Control Trust Fund	-	208.33
Other		
Reserve for Capital Projects	208,570.15	222,821.51
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
	<u>12,870,999.61</u>	<u>10,895,084.73</u>
Reserve for Receivables and Other Assets	6,096,685.90	4,283,261.93
Fund Balance	<u>1,796,345.17</u>	<u>2,608,683.82</u>
Total Regular Fund	<u>20,764,030.68</u>	<u>17,787,030.48</u>
Federal and State Grant Fund:		
Unappropriated Reserves	389,399.58	29,400.00
Appropriated Reserves	492,296.80	1,353,226.32
Encumbrances Payable	18,543.25	103,743.46
Due to Current Fund	1,732,464.99	79,872.43
Total Federal and State Grant Fund	<u>2,632,704.62</u>	<u>1,566,242.21</u>
Total Current Fund	<u>\$ 23,396,735.30</u>	<u>19,353,272.69</u>

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

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Fund Balance	\$ 1,651,055.50	1,615,000.00
Miscellaneous Revenue Anticipated	9,753,029.84	9,370,155.48
Receipts from Delinquent Taxes	435,032.66	499,469.14
Receipts from Current Taxes	37,864,632.38	36,228,777.22
Non Budget Revenue	776,448.00	194,830.54
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	529,850.13	318,820.36
Interfund Returned	80,833.92	187,215.61
Total Income	<u>51,090,882.43</u>	<u>48,414,268.35</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	4,912,260.00	4,823,348.00
Other Expenses	6,689,557.00	6,354,706.00
Public and Private Programs Offset by Revenues	1,132,370.18	933,090.60
Deferred Charges & Statutory Expenditures	901,524.00	852,090.00
Appropriations Excluded from "CAPS"		
Operations:		
Insurance (N.J.S.A. 40A:4-45.3(00))	-	-
Capital Improvements	80,000.00	80,000.00
Debt Service	764,000.00	866,044.99
Deferred Charges	-	-
Local District School Tax	26,480,372.00	25,562,381.00
County Tax	5,645,488.25	5,373,177.45
County Share of Added Tax	32,342.25	18,485.51
Interfund Created	1,734,812.98	80,833.92
Refund of Prior Year's Revenue	2,021.92	3,662.94
Other:		
Special District Tax	1,877,417.00	1,846,038.00
Total Expenditures	<u>50,252,165.58</u>	<u>46,793,858.41</u>
Excess in Revenue	<u>838,716.85</u>	<u>1,620,409.94</u>

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

	<u>2021</u>	<u>2020</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>838,716.85</u>	<u>1,620,409.94</u>
Fund Balance January 1	<u>2,608,683.82</u>	<u>2,603,273.88</u>
	3,447,400.67	4,223,683.82
Decreased by:		
Utilization as Anticipated Revenue	<u>1,651,055.50</u>	<u>1,615,000.00</u>
Fund Balance December 31	<u>\$ 1,796,345.17</u>	<u>2,608,683.82</u>

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

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
Fund Balance Anticipated	\$ 1,651,055.50		1,651,055.50	-
Total Fund Balance Anticipated	1,651,055.50	-	1,651,055.50	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	5,000.00		5,370.00	370.00
Fines and Costs:				
Municipal Court	45,000.00		49,068.13	4,068.13
Interest and Costs on Taxes	115,000.00		95,253.20	(19,746.80)
Interest Earned on Investments	125,000.00		228,454.30	103,454.30
EMS Ambulance Fees	300,000.00		369,537.97	69,537.97
Host Community Benefits	490,000.00		566,693.86	76,693.86
Cable TV Fees	59,000.00		60,639.18	1,639.18
Cell Tower Fees	95,000.00		108,883.91	13,883.91
Total Section A: Local Revenues	1,234,000.00	-	1,483,900.55	249,900.55
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	6,191,482.00		6,191,482.00	-
Garden State Preservation Trust Fund	132,171.00		203,537.00	71,366.00
Total Section B: State Aid Without Offsetting Appropriations	6,323,653.00	-	6,395,019.00	71,366.00
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	210,000.00		290,419.00	80,419.00
Total Section C: Uniform Construction Code Fees	210,000.00	-	290,419.00	80,419.00

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

	Anticipated		Excess or
	Budget	N.J.S. 40A:4-87	(Deficit)
Section F: Special Items - Public and Private Programs			
Municipal Alliance on Alcoholism and Drug Abuse	18,894.00		-
Cape May County Open Space Grant-Harbor Rd Bike Gateway	896,000.00		-
Clean Communities Grant	37,752.68		-
N.J. Transportation Trust Fund Authority Act	175,000.00		-
Total Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations	1,127,646.68	-	-
Section G: Other Special Items			
Dennis Township & Corbin City - Municipal Court	117,000.00		31,489.37
Capital Fund Balance	43,887.24		-
American Rescue Plan Act of 2021 - Loss of Revenue	263,668.00		-
Total Section G: Other Special Items	424,555.24	-	31,489.37
Total Miscellaneous Revenues:	9,319,854.92	-	433,174.92
Receipts from Delinquent Taxes	401,100.00		33,932.66
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	4,108,933.02		721,312.12
Total Amount to be Raised by Taxes for Support of Municipal Budget	4,108,933.02	-	721,312.12
Budget Totals	15,480,943.44	-	1,188,419.70
Non- Budget Revenues:			
Other Non- Budget Revenues:	-		776,448.00
\$	15,480,943.44	-	1,964,867.70

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	37,864,632.38
Less: Reserve for Tax Appeals Pending	37,864,632.38

Net Revenue from Collections	37,864,632.38
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Allocated to:

School, County and Other Taxes	34,035,619.50
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Balance for Support of Municipal Budget Appropriations	3,829,012.88
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	1,001,232.26
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Amount for Support of Municipal Budget Appropriations	4,830,245.14
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	432,907.55	
Tax Title Lien Collections	2,125.11	

Total Receipts from Delinquent Taxes	435,032.66
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Township Facilities Use Fees	5,737.50	
Boat Ramp Fees	6,211.00	
Street Openings	1,475.00	
Mining Permits	22,500.00	
Planning and Zoning Board Deposits	17,050.00	
MUA Permit Fees	16,814.68	
State Wildlife	8,877.00	
Property Lists	920.00	
Raffle and Bingo Licenses	60.00	
Clerk's Receipts	18,020.37	
Engineer/Zoning Escrow Fees	10,925.00	
Passport Fees	4,601.40	
Tax Collector Receipts	3,414.62	
Tax Premium Escheated to Township	15,100.00	
Fish and Game	147.00	
Land Sale Fees Non-Ref	200.00	
JIF Dividend	6,306.67	
Campground Fees/Mobile Park Fees	2,880.00	
Dog Park Receipts/Dog Excess	3,629.91	
Administration Fees	3,193.35	
Ambulance Fees Corbin City	23,363.20	
W/C Employee Reimbursement	57,141.95	
Litigation Settlement	400,000.00	
FEMA Reimbursement	136,602.13	
Other Reimbursements	4,567.49	
Miscellaneous	6,709.73	

Total Miscellaneous Revenue Not Anticipated:	776,448.00
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ 73,500.00	73,500.00	73,499.94		0.06	-
Other Expenses	20,500.00	20,500.00	15,475.91	408.46	4,615.63	-
Township Clerk						
Salaries & Wages	242,000.00	243,000.00	241,732.35		1,267.65	-
Other Expenses	48,850.00	48,850.00	33,514.54	2,150.35	13,185.11	-
Financial Administration						
Salaries & Wages	243,500.00	238,500.00	237,150.45		1,349.55	-
Other Expenses						
Audit Services	37,000.00	37,000.00	37,000.00		-	-
Computer Services	168,852.00	168,852.00	141,601.68	27,130.93	119.39	-
Miscellaneous Other Expenses	17,200.00	17,200.00	14,133.61	972.97	2,093.42	-
Assessment of Taxes						
Salaries & Wages	137,000.00	137,000.00	136,490.90		509.10	-
Other Expenses	15,600.00	16,800.00	14,111.79	252.91	2,435.30	-
Collection of Taxes						
Salaries & Wages	127,000.00	127,000.00	126,720.10		279.90	-
Other Expenses						
Purchase of Tax Title Liens	1,000.00	-			-	-
Miscellaneous Other Expenses	8,800.00	8,800.00	7,187.65	456.12	1,156.23	-
Legal Services						
Other Expenses	200,000.00	200,000.00	182,049.04		17,950.96	-
Special Litigation						
Other Expenses	150,000.00	330,000.00	246,063.94	15,546.25	68,389.81	-
Engineering Services						
Salaries & Wages	112,790.00	112,790.00	112,786.96		3.04	-
Other Expenses	97,800.00	60,800.00	34,633.74	4,398.89	21,767.37	-

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, 2021

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
INSURANCE						
General Liability	145,000.00	158,600.00	157,874.73		725.27	-
Workers Compensation Insurance	410,500.00	403,300.00	380,995.17		22,304.83	-
Employee Group Health	2,712,540.00	2,544,540.00	2,313,220.24	154,256.06	77,063.70	-
Health Benefit						
Salaries & Wages	18,000.00	18,000.00	11,865.98		6,134.02	-
LAND USE ADMINISTRATION						
Planning Board						
Salaries & Wages	38,100.00	38,100.00	37,704.77		395.23	-
Other Expenses	14,000.00	24,000.00	14,858.27	543.00	8,598.73	-
Zoning Board of Adjustment						
Salaries & Wages	38,100.00	38,100.00	35,578.20		2,521.80	-
Other Expenses	19,950.00	22,950.00	20,760.19	941.76	1,248.05	-
PUBLIC SAFETY						
First Aid Organization						
Salaries & Wages	739,500.00	789,500.00	785,060.89		4,439.11	-
Other Expenses	129,550.00	129,550.00	111,601.59	11,044.38	6,904.03	-
Emergency Management Services						
Salaries & Wages	24,050.00	24,050.00	24,005.90		44.10	-
Other Expenses	76,900.00	97,900.00	66,698.79	28,946.99	2,254.22	-
Crossing Guard						
Salaries & Wages	7,400.00	7,700.00	7,642.50		57.50	-
Other Expenses	1,000.00	1,000.00			1,000.00	-
Regional Dispatch - Contractual	275,900.00	258,000.00	257,929.91		70.09	-
Municipal Court						
Salaries & Wages	203,500.00	173,500.00	173,244.10		255.90	-
Other Expenses	34,450.00	24,450.00	8,027.79	72.58	16,349.63	-
Public Defender						
Salaries & Wages	24,170.00	24,170.00	24,162.96		7.04	-
Municipal Prosecutor						
Salaries & Wages	46,200.00	46,200.00	46,198.10		1.90	-
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, 2021

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC WORKS						
Road Repairs and Maintenance						
Salaries & Wages	777,500.00	777,500.00	724,680.09		52,819.91	-
Other Expenses						
Surfacing of Roads	29,000.00	4,000.00	2,882.78		1,117.22	-
Miscellaneous Other Expenses	385,200.00	375,200.00	293,779.20	37,647.63	43,773.17	-
Recycling						
Salaries & Wages	265,900.00	265,900.00	218,211.38		47,688.62	-
Other Expenses	130,000.00	120,000.00	89,743.50	7,467.76	22,788.74	-
Garbage and Trash						
Salaries & Wages	438,000.00	438,000.00	383,470.56		54,529.44	-
Other Expenses						
Tipping Fees	540,000.00	570,000.00	474,800.49	41,478.50	53,721.01	-
Miscellaneous Other Expenses	133,800.00	118,800.00	69,823.97	5,861.11	43,114.92	-
Public Buildings and Grounds						
Salaries & Wages	686,500.00	687,500.00	664,802.72		22,697.28	-
Other Expenses	291,400.00	307,400.00	256,137.81	27,702.36	23,559.83	-
Demolition						
Other Expenses	15,000.00	15,000.00			15,000.00	-
HEALTH AND WELFARE						
Board of Health						
Salaries & Wages	550.00	550.00	549.90		0.10	-
Other Expenses	10,000.00	-			-	-
Dog Regulation						
Other Expenses	84,200.00	94,200.00	90,277.35	2,250.00	1,672.65	-
PARK AND RECREATION						
Emergency Shore Protection						
Other Expenses	39,000.00	39,000.00	11,690.57	25,548.99	1,760.44	-
Beach Protection						
Salaries & Wages	324,000.00	284,700.00	284,654.74		45.26	-
Other Expenses	88,690.00	57,690.00	46,919.74	9,782.16	988.10	-
Community Center						
Other Expenses	42,600.00	42,600.00	33,530.92	5,154.26	3,914.82	-
Affordable Housing						
Salaries & Wages	2,500.00	2,500.00	2,499.90		0.10	-
Other Expenses	500.00	500.00			500.00	-
Sports and Recreation						
Salaries & Wages	80,800.00	62,800.00	61,404.27		1,395.73	-
Other Expenses	65,900.00	65,900.00	42,481.30	10,073.12	13,345.58	-
Gypsy Moth Program						
Other Expenses	7,450.00	7,450.00	7,450.00		-	-

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, 2021

	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	213,500.00	209,500.00	205,884.45		3,615.55	-
Other Expenses	6,525.00	10,525.00	8,959.63	1,394.24	171.13	-
Zoning/Code Official						
Salaries & Wages	15,000.00	17,100.00	16,073.80		1,026.20	-
Other Expenses	1,000.00	1,200.00	406.73		793.27	-
UNCLASSIFIED						
Celebration of Public Events	19,000.00	19,000.00	15,379.41		3,620.59	-
Compensation for Accumulated Absence	100.00	75,100.00	50,100.00	25,000.00	-	-
Drug and Alcohol Testing	5,000.00	5,000.00	3,670.00	601.00	729.00	-
UTILITY EXPENSES AND BULK PURCHASES						
Street Lighting	242,000.00	262,000.00	254,802.55	837.63	6,359.82	-
TOTAL OPERATIONS WITHIN "CAPS"	11,601,817.00	11,601,817.00	10,446,650.44	447,920.41	707,246.15	-
Contingent	-	-			-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	11,601,817.00	11,601,817.00	10,446,650.44	447,920.41	707,246.15	-
Detail:						
Salaries & Wages	4,879,160.00	4,912,260.00	4,686,175.91	25,000.00	201,084.09	-
Other Expenses	6,722,657.00	6,689,557.00	5,760,474.53	422,920.41	506,162.06	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None		-			-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	521,124.00	521,124.00	521,124.00		-	-
Social Security System (O.A.S.I.)	365,000.00	365,000.00	350,000.92		14,999.08	-
Unemployment Compensation Insurance	3,400.00	3,400.00	3,078.36		321.64	-
Defined Contribution Retirement Program	12,000.00	12,000.00	8,232.97		3,767.03	-

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, 2021

	Appropriations		Expended		(Over expended)
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Unexpended Balance Cancelled
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	901,524.00	901,524.00	882,436.25	-	19,087.75
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	12,503,341.00	12,503,341.00	11,329,086.69	447,920.41	726,333.90
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
None		-			-
	-	-	-	-	-
(A) Public and Private Programs Off-Set by Revenues					
Municipal Alliance Grant	18,894.00	18,894.00	18,894.00		-
Municipal Alliance Grant - Match	4,723.50	4,723.50	4,723.50		-
Cape May County Open Space Grant-Harbor Rd Bike Gateway	896,000.00	896,000.00	896,000.00		-
Clean Communities Grant	37,752.68	37,752.68	37,752.68		-
N.J. Transportation Trust Fund Authority Act	175,000.00	175,000.00	175,000.00		-
Total Public and Private Programs Off-Set by Revenues	1,132,370.18	1,132,370.18	1,132,370.18	-	-
Total Operations - Excluded from "CAPS"	1,132,370.18	1,132,370.18	1,132,370.18	-	-
Detail:					
Salaries & Wages	-	-	-	-	-
Other Expenses	1,132,370.18	1,132,370.18	1,132,370.18	-	-
(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, 2021

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	560,000.00	560,000.00	560,000.00		-	-
Interest on Bonds	204,000.00	204,000.00	204,000.00		-	-
Total Debt Service	<u>764,000.00</u>	<u>764,000.00</u>	<u>764,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(E) Deferred Charges						
None	-	-	-		-	-
Total Deferred Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>1,976,370.18</u>	<u>1,976,370.18</u>	<u>1,976,370.18</u>	<u>-</u>	<u>-</u>	<u>-</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>14,479,711.18</u>	<u>14,479,711.18</u>	<u>13,305,456.87</u>	<u>447,920.41</u>	<u>726,333.90</u>	<u>-</u>
(M) Reserve for Uncollected Taxes	<u>1,001,232.26</u>	<u>1,001,232.26</u>	<u>1,001,232.26</u>		-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 15,480,943.44</u>	<u>15,480,943.44</u>	<u>14,306,689.13</u>	<u>447,920.41</u>	<u>726,333.90</u>	<u>-</u>
Budget		15,480,943.44			Cancelled	-
Appropriations by 40A:4-87		<u>-</u>			Overexpended	-
		<u>15,480,943.44</u>				<u>-</u>
Reserve for Uncollected Taxes			1,001,232.26			
Federal and State Grants			1,132,370.18			
Deferred Charges			-			
Capital Improvement Fund			80,000.00			
Disbursements			12,093,086.69			
			<u>14,306,689.13</u>			

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

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EXHIBIT - B
TRUST FUND

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

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 7,672.01	7,420.61
Due from Current Fund	-	208.33
	<u>7,672.01</u>	<u>7,628.94</u>
<u>Other Funds</u>		
Cash and Investments - Treasurer	3,579,100.13	3,177,864.84
Revenue Accounts Receivable - POAA	6.00	-
	<u>3,579,106.13</u>	<u>3,177,864.84</u>
	<u>\$ 3,586,778.14</u>	<u>3,185,493.78</u>

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

	<u>2021</u>	<u>2020</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 6,776.63	7,628.94
Due to Current Fund	895.38	-
	<u>7,672.01</u>	<u>7,628.94</u>
<u>Other Funds</u>		
Deposits for Tax Title Lien Certificates	20,536.21	24,007.66
Premiums Received at Tax Sale	282,200.00	77,100.00
Due to Current Fund	1,452.61	961.49
Reserve for Fire Safety	15,114.40	14,614.40
Due to State - Department of Labor	-	7,297.26
Reserve for Unemployment Compensation	158,391.54	126,116.01
Reserve for Developers' Escrow	22,035.00	31,177.56
Reserve for Client Funds Escrow	803,853.69	749,481.74
Reserve for Landfill Closure Fund	34,930.62	34,808.09
Reserve for Planning Board Escrow	48,535.66	23,775.66
Reserve for Recycling	298,465.44	360,605.44
Reserve for Recreation Fund	36,441.51	40,453.89
Reserve for Municipal Alliance	12,982.99	12,834.22
Reserve for Sick Pay	324,692.21	305,722.04
Reserve for Affordable Housing Trust	1,508,072.60	1,359,068.65
Reserve for UT Cafeteria Fund	1,984.13	465.21
Reserve for Recreation Donations	9,341.52	9,341.52
Reserve for Parking Offenses Adjudication Act	76.00	34.00
	<u>3,579,106.13</u>	<u>3,177,864.84</u>
	<u>\$ 3,586,778.14</u>	<u>3,185,493.78</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Deferred Charges to Future Taxation -		
Unfunded	\$ 4,260,000.00	4,260,000.00
Funded	6,920,000.00	7,480,000.00
Interfunds and Receivables		
Due from Current Fund	4,781,566.41	3,436,865.63
	<u>15,961,566.41</u>	<u>15,176,865.63</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	508,388.89	1,355,758.87
Bond Anticipation Notes Payable	3,800,000.00	-
General Serial Bonds	6,920,000.00	7,480,000.00
Improvement Authorizations:		
Funded	1,983,566.52	2,160,554.62
Unfunded	1,356,526.16	2,851,636.06
Reserve for PW Equipment	50,000.00	50,000.00
Reserve for Beach Replenishment	545,000.00	505,000.00
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 Debt Service	100,146.50	72,090.50
Reserve to Pay Debt Service-2019 Bond Sale	54,358.80	54,358.80
Capital Improvement Fund	261,828.45	221,828.45
Fund Balance	80,000.00	123,887.24
	<u>\$ 15,961,566.41</u>	<u>15,176,865.63</u>

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

2020	4,260,000.00
2021	460,000.00

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

	<u>2021</u>	<u>2020</u>
Beginning Balance January 1	\$ 123,887.24	123,887.24
Increased by:		
None	-	-
Decreased by:		
Appropriated to Budget Revenue	43,887.24	-
Ending Balance December 31	\$ <u>80,000.00</u>	<u>123,887.24</u>

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>2021</u>	<u>2020</u>
General Fixed Assets:		
Land	\$ 25,578,132.00	21,163,891.00
Buildings	11,993,587.00	11,991,087.00
Machinery and Equipment	<u>7,877,273.00</u>	<u>6,793,262.00</u>
Total General Fixed Assets	<u>45,448,992.00</u>	<u>39,948,240.00</u>
Investment in General Fixed Assets	<u>\$ 45,448,992.00</u>	<u>39,948,240.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 2020 census is 12,539.

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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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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. The effective date of this pronouncement has been postponed 18 months.

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 December 31, 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. 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.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99 “Omnibus 2022”. This statement, which is effective for fiscal periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any an effect on the Township’s financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100 “Accounting Changes and Error Corrections” an amendment of GASB Statement No. 62. This statement, which is effective for fiscal periods beginning after June 15, 2023, and all reporting periods thereafter, will not have any an effect on the Township’s financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101 “Compensated Absences”. This statement, which is effective for fiscal periods beginning after December 15, 2023, and all reporting periods thereafter, may have an effect on the Township’s financial reporting.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 2021 and 2020, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2021 **</u>	<u>2020</u>
Clean Communities Program		\$ 35,477.83

** There were no chapter 159's in 2021.

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, 2021, 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 2021 and 2020 statutory budgets included a reserve for uncollected taxes in the amount of \$1,001,232.26 and \$1,042,764.98. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$1,651,055.50 and \$1,615,000.00.

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 2021 and 2020 calendar years:

<u>Budget Category - Current Fund:</u>	<u>2021</u>	<u>2020</u>
Financial Administration		
Other Expenses	\$	15,000.00
Legal Services		
Other Expenses		100,000.00
Special Litigation		
Other Expenses	180,000.00	
Engineering Services		
Other Expenses	(37,000.00)	
Insurance		
Employee Group Health	(168,000.00)	
Workers Compensation Insurance		(20,000.00)
First Aid Organization		
Salaries and Wages	50,000.00	67,500.00
Municipal Court		
Salaries and Wages	(30,000.00)	
Other Expenses		(19,000.00)
Road Repairs and Maintenance		
Other Expenses	(25,000.00)	(35,800.00)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

<u>Budget Category - Current Fund: (Continued)</u>	<u>2021</u>	<u>2020</u>
Recycling		
Salaries and Wages	\$	(20,000.00)
Other Expenses		(15,000.00)
Garbage and Trash		
Miscellaneous Other Expenses		(30,000.00)
Tipping Fees	30,000.00	
Public Buildings and Grounds		
Salaries and Wages		(30,000.00)
Other Expenses		20,000.00
Board of Health		
Other Expenses		(20,000.00)
Beach Protection		
Salaries and Wages	(39,300.00)	
Other Expenses	(31,000.00)	
Celebration of Public Events		(17,500.00)
Compensation for Accumulated Absences	75,000.00	50,000.00
Utility - Street Lighting	20,000.00	

NOTE 3: INVESTMENTS

As of December 31, 2021 and 2020, the municipality held certificates of deposit in the amount of \$34,930.62 and \$34,808.09 respectively with Ocean First Bank. The certificates matured in 2021 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, 2021, \$100,287.16 of the government's bank balance of \$18,387,671.61 was exposed to custodial credit risk. 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2021 and 2020:

	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
	<u>\$ 38,983,167.00</u>	<u>965,073.00</u>	<u>-</u>	<u>39,948,240.00</u>

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Land	\$ 21,163,891.00	2,414,241.00		23,578,132.00
Building	11,991,087.00	2,500.00		11,993,587.00
Machinery and Equipment	6,793,262.00	1,349,509.00	(265,498.00)	7,877,273.00
	<u>\$ 39,948,240.00</u>	<u>3,766,250.00</u>	<u>(265,498.00)</u>	<u>43,448,992.00</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020
Bond Anticipation Notes payable:				
General	\$ 4,510,000.00		4,510,000.00	-
	<u>\$ 4,510,000.00</u>	<u>-</u>	<u>4,510,000.00</u>	<u>-</u>
	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021
Bond Anticipation Notes payable:				
General	\$ -	3,800,000.00		3,800,000.00
	<u>\$ -</u>	<u>3,800,000.00</u>	<u>-</u>	<u>3,800,000.00</u>

The Capital Bond Anticipation Note was issued in the amount of \$3,800,000.00 on August 18, 2021 and due and payable on August 18, 2022 with interest at 1.00%. As of December 31, 2021, the township has authorized but not issued bonds in the amount of \$460,000.00 in the General Capital Fund.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2021 and 2020 consisted of the following:

	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	<u>\$ 8,545,069.83</u>	<u>86,816.44</u>	<u>520,000.00</u>	<u>8,111,886.27</u>	<u>560,000.00</u>

	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 631,886.27	54,689.08		686,575.35	
General Capital Fund					
Bonds Payable	7,480,000.00		560,000.00	6,920,000.00	640,000.00
Total long-term liabilities	<u>8,111,886.27</u>	<u>54,689.08</u>	<u>560,000.00</u>	<u>7,606,575.35</u>	<u>640,000.00</u>

Description of Bonds and Loans Payable

At December 31, 2021, 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, 2021, is \$6,920,000.00.

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

Year Ending December 31	General Capital Fund	
	Principal	Interest
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
	<u>\$ 6,920,000.00</u>	<u>852,400.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

<u>Summary of Municipal Debt</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 10,720,000.00	\$ 7,480,000.00	\$ 12,510,000.00
Total Issued	<u>10,720,000.00</u>	<u>7,480,000.00</u>	<u>12,510,000.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	460,000.00	4,260,000.00	2,360,000.00
Total Authorized But Not Issued	<u>460,000.00</u>	<u>4,260,000.00</u>	<u>2,360,000.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 11,180,000.00</u>	<u>\$ 11,740,000.00</u>	<u>\$ 14,870,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.536%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -		-
General Debt	11,180,000.00	154,505.30	11,025,494.70
	<u>\$ 11,180,000.00</u>	<u>154,505.30</u>	<u>11,025,494.70</u>

Net Debt \$11,025,494.70 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,058,437,297.33 = 0.536%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 72,045,305.00
Net Debt	11,025,494.70
Remaining Borrowing Power	<u>\$ 61,019,810.30</u>

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2021 and 2020, which were appropriated and included as anticipated revenue in their respective funds for the year ending December 31, 2022 and 2021 were as follows:

		<u>2022</u>	<u>2021</u>
Current Fund	\$	1,650,000.00	1,651,055.50

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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:

	12/31/2021	12/31/2020
Balance of Tax	\$ 13,240,183.00	\$ 12,781,690.00
Deferred	7,300,000.00	7,300,000.00
Tax Payable	<u>\$ 5,940,183.00</u>	<u>\$ 5,481,690.00</u>

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 12/31/2021	Balance 12/31/2020
Prepaid Taxes	<u>\$ 523,216.24</u>	<u>\$ 500,300.37</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 523,216.24</u>	<u>\$ 500,300.37</u>

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/annrpts.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.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

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 15.98% of covered payroll. The township's contributions to PERS for the years ended December 31, 2021, 2020, and 2019 were \$521,124.00, \$482,290.00, and \$475,669.00.

The total payroll for the year ended December 31, 2021, 2020, and 2019 was \$4,126,857.16, \$4,199,739.00, and \$4,115,093.13. Payroll covered by PERS was \$3,542,368.00, \$3,623,072.00, and \$3,380,790.00.

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 $\frac{1}{4}$ 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 $\frac{1}{60}$ th from $\frac{1}{55}$ th, 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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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	<u>\$ 900,037</u>	<u>\$ (3,848,227)</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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	\$	<u>(2,948,190)</u>

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 based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Through September 30, 2021 the Township utilized Horizon Blue Cross Blue Shield of New Jersey to provide post-retirement benefits. During 2021, the Township provided post-employment health/prescription/and dental benefits of \$706,778.26 to eighteen (18) 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 Actuarially 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 far 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, 2021, 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Other Post-employment Benefit Costs and Obligations

In the January 1, 2021, actuarial valuation, the Actuarially Determined Contribution for the year ending December 31, 2021, were projected as follows:

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
Service Cost	\$ 1,546,552.00	971,751.00	851,021.00	868,997.00
20 Year Amortization of NOL at 1.93	3,533,627.00	3,039,006.00	2,788,372.00	2,629,941.00
Actuarially Determined Contribution	5,080,179.00	4,010,757.00	3,639,393.00	3,498,938.00
Actual Contribution	707,401.00	855,015.00	694,108.00	534,039.00
Excess Contribution	\$ <u>(4,372,778.00)</u>	<u>(3,155,742.00)</u>	<u>(2,945,285.00)</u>	<u>(2,964,899.00)</u>
Covered Payroll	\$ 3,596,136.00	3,854,447.00	3,723,621.00	3,432,599.00
Actuarially Determined Contribution as a % of Covered Payroll	141.27%	104.06%	97.74%	101.93%

The following reflects the change in the Total OPEB Liability as of the January 1, 2021, valuation date for the Year ended December 31, 2021.

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
OPEB Liability, Beginning of Year	\$ 58,172,248.00	44,144,758.00	39,132,187.00	37,145,294.00
Changes for the Year:				
Service Cost	1,546,552.00	971,751.00	851,021.00	868,997.00
Interest	1,115,898.00	1,425,182.00	1,411,779.00	1,342,369.00
Change s of benefit terms	(48,507,436.00)			
Assumption Changes & Difference				
Between Actual & Expected Experience	(2,385,686.00)	1,235,075.00	93,144.00	309,566.00
Change in Assumptions	(2,709,790.00)	11,250,497.00	3,350,735.00	-
Benefit Payments	(707,401.00)	(855,015.00)	(694,108.00)	(534,039.00)
OPEB Liability, End of Year	\$ <u>6,524,385.00</u>	<u>58,172,248.00</u>	<u>44,144,758.00</u>	<u>39,132,187.00</u>
Covered payroll (for Covered Participants)	\$ 3,596,136.00	3,854,447.00	3,723,621.00	3,432,599.00
Total OPEB liability as a percentage of covered payroll	181.43%	1509.22%	1185.53%	1140.02%

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

The January 1, 2021 valuation was prepared using a discount rate of 2.25%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$5,532,671.00 or by 3.25%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$7,516,099.00 or by 1.25%.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

		Discount Rate		
		1.25% Decrease	Baseline 2.25%	3.25% Increase
Total OPEB Liability	\$	<u>7,516,099.00</u>	<u>\$ 6,524,385.00</u>	<u>\$ 5,532,671.00</u>

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

The January 1, 2021, 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 \$8,002,918.00 or by 9.00%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$5,306,775.00 or by 7.00%.

		Healthcare Cost Trend Rates		
		1% Decrease	Baseline 8.00%	1% Increase
Total OPEB Liability	\$	<u>5,306,775.00</u>	<u>\$ 6,524,385.00</u>	<u>\$ 8,002,918.00</u>

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

For the year ended December 31, 2021, the Township's Actuarially determined OPEB expense was \$6,524,385.00. At December 31, 2021, 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, 2021 OPEB Liability due to Actuarial		
Differences between expected & actual assumption	\$ 890,807.00	\$ 1,908,549.00
Changes of assumptions	8,425,666.00	2,167,832.00
Total	<u>\$ 9,316,473.00</u>	<u>\$ 4,076,381.00</u>

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,	
2022	\$ 2,103,953.00
2023	2,103,953.00
2024	2,103,953.00
2025	(1,019,095.00)
2026	-
Thereafter	-
	<u>\$ 5,292,764.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 \$686,575.35 in 2021 and \$631,886.27 in 2020. 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 2021, the Township received \$6,395,019.00, which represents approximately 41% 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, 2021 and 2020 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
2021	\$ 61,183.41	2,580.16	31,488.04	158,391.54
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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

NOTE 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2021, 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	\$	4,781,566.41
Grant Fund	1,732,464.99	
Trust Other	1,452.61	
Animal Control Fund	895.38	
Grant Fund:		
Current Fund		1,732,464.99
Trust Fund:		
Current - Tax Title Lien		1,452.61
Current - Animal Control		895.38
General Capital Fund:		
Current Fund	4,781,566.41	
	\$ <u>6,516,379.39</u>	<u>6,516,379.39</u>

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 20: SUBSEQUENT EVENTS

The Township has reviewed and evaluated all events and transactions that occurred between December 31, 2021 through July 8, 2022 the date that the financial statements were issued for possible disclosure and recognition in the financial statements. The following events were identified:

On March 14, 2022, the Township of Upper adopted Ordinance No. 004-2022, a bond ordinance reappropriating \$900,000.00, including \$880,500 of bond and note proceeds not needed for their original purposes and \$19,500.00 from the capital improvement fund, to provide for various capital improvements.

On May 9, 2022, the Township of Upper adopted Ordinance No. 009-2022, cancelling certain funded appropriation balances for various capital projects and reappropriating such funded appropriation balances for other capital projects in the amount of \$900,000.00.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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 financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Upper, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 8, 2022, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Upper prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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

July 8, 2022

TOWNSHIP OF UPPER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2021

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 2021.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2020	\$	13,503,168.55
Increased by Receipts:		
Tax Collector	38,289,520.63	
Revenue Accounts Receivable	8,484,790.11	
Miscellaneous Revenue	774,143.09	
Due from State - Veterans and Senior Citizens	103,987.64	
Accrued Payroll Taxes	5,504,521.95	
Marriage & Civil Union License Fees Due to State	1,425.00	
Hunting and Fishing License Fees Due to State	4,961.75	
Dog License Fees Due to State	1,208.40	
DCA Training Fees Due to State	21,155.00	
Petty Cash & Change Funds	100.00	
Due from Federal and State Grant Fund	421,994.75	
Due from Other Trusts	961.49	
Due from Animal Control	3,919.40	
Due from General Capital	3,828,056.00	
Reserve for Capital Projects	10,920.00	
		<u>57,451,665.21</u>
		70,954,833.76
Decreased by Disbursements:		
Current Year Appropriation	12,093,086.69	
Prior Year Appropriations	448,515.37	
County Taxes	5,663,973.76	
Local District School Taxes	26,021,879.00	
Special District Taxes	1,877,417.00	
Refund of Tax Overpayments	21,896.85	
Payroll Taxes and Deductions	5,504,327.91	
Due State For Marriage Licenses & Civil Unions	1,450.00	
Due State for Hunting and Fishing Licenses	5,129.25	
Due to State for Dog Licenses	1,210.80	
Due State for DCA Training Fees	22,434.00	
Due to General Capital	2,519,467.98	
Due to Animal Control	2,718.20	
Due to Federal and State Grant Fund	2,079,310.81	
Reserve for Capital Projects	25,171.36	
		<u>56,287,988.98</u>
Balance December 31, 2021	\$	<u><u>14,666,844.78</u></u>

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

Year	Balance Dec. 31, 2020	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2021
				2020	2021			
Arrears	\$ -							-
2020	431,376.26				432,907.55	(2,026.13)	494.84	(0.00)
	<u>431,376.26</u>	-	-	-	<u>432,907.55</u>	<u>(2,026.13)</u>	<u>494.84</u>	<u>(0.00)</u>
2021	-	38,377,502.87	6,120.69	500,300.37	37,364,332.01	24,280.26	10,607.28	484,103.64
	<u>431,376.26</u>	<u>38,377,502.87</u>	<u>6,120.69</u>	<u>500,300.37</u>	<u>37,797,239.56</u>	<u>22,254.13</u>	<u>11,102.12</u>	<u>484,103.64</u>
					37,668,926.08	Cash Receipts		
					107,572.60	Senior Citizens and Veterans		
					20,740.88	Other		
					<u>37,797,239.56</u>			
<u>Analysis of Current Year Tax Levy</u>								
		Tax Yield:						
		General Property Tax			36,500,085.87			
		Special District Taxes			1,877,417.00			
		Added Taxes (54:4-63.1 et. Seq.)			<u>6,120.69</u>			
						<u>38,383,623.56</u>		
		Tax Levy:						
		General County Taxes			4,753,899.10			
		County Library Taxes			688,989.04			
		County Health Service Taxes			-			
		County Open Space Taxes			202,600.11			
		County Added and Omitted Taxes			<u>32,342.25</u>			
		Total County Taxes				5,677,830.50		
		Local School District Tax				26,480,372.00		
		Additional Local School District Tax						
		Special District Tax				1,877,417.00		
		Local Tax for Municipal Purposes			4,108,933.02			
		Add: Additional Tax Levied			<u>239,071.04</u>			
						<u>4,348,004.06</u>		
						<u>38,383,623.56</u>		

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2020		\$	338,292.45
Increased by:			
Transfers from Taxes Receivable	11,102.12		
Interest and Costs Accrued by Sale			
December 7, 2021	105.58		
			<u>11,207.70</u>
			349,500.15
Decreased by:			
Collections	2,125.11		
Foreclosures	264,387.47		
			<u>266,512.58</u>
Balance December 31, 2021		\$	<u><u>82,987.57</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2020	Accrued in 2021	Collected by		Balance Dec. 31, 2021
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$ -	5,370.00		5,370.00	-
Fines and Costs:					
Municipal Court	3,360.30	49,790.54		49,068.13	4,082.71
Interest and Costs on Taxes	-	95,253.20	95,253.20		-
Interest Earned on Investments	-	228,454.30		228,454.30	-
Energy Receipts Tax	-	6,191,482.00		6,191,482.00	-
Garden State Preservation Trust Fund	-	203,537.00		203,537.00	-
EMS Ambulance Fees	-	369,537.97		369,537.97	-
Host Community Benefits	-	566,693.86		566,693.86	-
Cable TV Fees	-	60,639.18		60,639.18	-
Cell Tower Fees	-	108,883.91		108,883.91	-
Dennis Twp & Corbin City - Municipal Court	-	148,489.37		148,489.37	-
Uniform Construction Code Fees	-	290,419.00		290,419.00	-
Capital Fund Balance	-	43,887.24		43,887.24	-
American Rescue Plan Act of 2021 - Loss of Revenue	-	263,668.00		263,668.00	-
Miscellaneous Revenue Not Anticipated	-	776,448.00		776,448.00	-
	<u>3,360.30</u>	<u>9,402,553.57</u>	<u>95,253.20</u>	<u>9,306,577.96</u>	<u>4,082.71</u>
	\$				

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee					
Other Expenses	\$ 1,463.61	1,463.61	1,388.68	74.93	-
Township Clerk					
Other Expenses	5,443.95	5,443.95	2,629.67	2,814.28	-
Financial Administration					
Other Expenses					
Computer Services	68,264.23	68,264.23	50,434.19	17,830.04	-
Miscellaneous Other Expenses	3,803.46	3,803.46	3,803.46	-	-
Assessment of Taxes					
Other Expenses	5,848.07	5,848.07	724.03	5,124.04	-
Collection of Taxes					
Miscellaneous Other Expenses	534.28	534.28	531.00	3.28	-
Legal Services					
Other Expenses	58,937.11	58,937.11	14,500.00	44,437.11	-
Special Litigation					
Other Expenses	14,196.79	44,196.79	37,339.48	6,857.31	-
Engineering Services					
Other Expenses	37,284.22	37,284.22	13,361.35	23,922.87	-
INSURANCE					
General Liability	3,867.36	3,867.36	884.00	2,983.36	-
Workers Compensation Insurance	14,700.09	14,700.09	3,697.00	11,003.09	-
Employee Group Health	174,559.76	174,559.76	43,907.49	130,652.27	-
Health Benefit					
Salaries & Wages	2,567.36	2,567.36	2,000.00	567.36	-
LAND USE ADMINISTRATION					
Planning Board					
Other Expenses	3,720.05	3,720.05	1,299.24	2,420.81	-
Zoning Board of Adjustment					
Other Expenses	5,907.58	5,907.58	4,274.23	1,633.35	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
PUBLIC SAFETY					
First Aid Organization					
Other Expenses	34,439.63	34,439.63	26,282.09	8,157.54	-
Emergency Management Services					
Other Expenses	19,119.33	19,119.33	6,738.31	12,381.02	-
Regional Dispatch - Contractual	28,500.00	13,500.00	12,556.02	943.98	-
Municipal Court					
Other Expenses	7,419.43	7,419.43	1,423.77	5,995.66	-
PUBLIC WORKS					
Road Repairs and Maintenance					
Other Expenses					
Miscellaneous Other Expenses	130,591.02	130,591.02	51,615.93	78,975.09	-
Recycling					
Other Expenses	20,114.02	20,114.02	10,480.30	9,633.72	-
Garbage and Trash					
Other Expenses					
Tipping Fees	50,992.49	50,992.49	50,992.49	0.00	-
Miscellaneous Other Expenses	38,351.77	38,351.77	21,079.26	17,272.51	-
Public Buildings and Grounds					
Other Expenses	53,467.82	53,467.82	37,540.88	15,926.94	-
HEALTH AND WELFARE					
Dog Regulation					
Other Expenses	3,100.00	3,100.00	2,250.00	850.00	-
PARK AND RECREATION					
Emergency Shore Protection					
Other Expenses	32,752.58	32,752.58	15,586.25	17,166.33	-
Beach Protection					
Other Expenses	11,464.26	11,464.26	11,020.86	443.40	-
Community Center					
Other Expenses	11,879.62	11,879.62	10,351.88	1,527.74	-
Sports and Recreation					
Other Expenses	27,446.08	12,446.08	9,794.83	2,651.25	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Official					
Other Expenses	1,514.12	1,514.12	134.26	1,379.86	-
UTILITY EXPENSES AND BULK PURCHASES					
Street Lighting	8,678.61	8,678.61	897.14	7,781.47	-
All Other Accounts - No Change	98,439.52	98,439.52		98,439.52	-
	<u>979,368.22</u>	<u>979,368.22</u>	<u>449,518.09</u>	<u>529,850.13</u>	<u>-</u>
\$	<u><u>979,368.22</u></u>	<u><u>979,368.22</u></u>	<u><u>449,518.09</u></u>	<u><u>529,850.13</u></u>	<u><u>-</u></u>

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2020		
School Tax Payable	\$ 5,481,690.00	
School Tax Deferred	<u>7,300,000.00</u>	
		\$ 12,781,690.00
Increased by:		
Levy - School Year July 1, 2021 to June 30, 2022		<u>26,480,372.00</u>
		39,262,062.00
Decreased by:		
Payments		<u>26,021,879.00</u>
Balance December 31, 2021		
School Tax Payable	5,940,183.00	
School Tax Deferred	<u>7,300,000.00</u>	
		<u>13,240,183.00</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		26,021,879.00
Tax Payable Ending		<u>5,940,183.00</u>
		31,962,062.00
Less: Tax Payable Beginning		<u>5,481,690.00</u>
Amount charged to Current Year Operations		<u>\$ 26,480,372.00</u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance Dec. 31, 2020</u>	<u>Transferred From 2021 Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2021</u>
FEDERAL GRANTS:				
FEMA Energy Mitigation Grant	\$ 23,660.00			23,660.00
FEMA Energy Mitigation Grant - 2020	25,000.00		10,000.00	15,000.00
Total Federal	<u>48,660.00</u>	<u>-</u>	<u>10,000.00</u>	<u>38,660.00</u>
STATE GRANTS:				
Clean Communities	296.53			296.53
Clean Communities-2021	-	37,752.68	37,752.68	-
NJ Hazardous Site Remediation	94,935.00			94,935.00
2019 Municipal Aid - NJ DOT	37,500.00			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	896,000.00		1,706,000.00
NJ Transportation Trust Fund Authority Act-Bayview Ph 4	-	175,000.00		175,000.00
Total State	<u>1,442,731.53</u>	<u>1,108,752.68</u>	<u>37,752.68</u>	<u>2,513,731.53</u>
LOCAL GRANTS:				
Municipal Alliance	74,764.68			74,764.68
Municipal Alliance-2021	-	18,894.00	13,431.59	5,462.41
Main Street Market Assessment	86.00			86.00
Total Local	<u>74,850.68</u>	<u>18,894.00</u>	<u>13,431.59</u>	<u>80,313.09</u>
	<u>\$ 1,566,242.21</u>	<u>1,127,646.68</u>	<u>61,184.27</u>	<u>2,632,704.62</u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2020		2021			Balance
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	Encumbrances	Dec. 31, 2021
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		25,290.00	7,450.00	660.00
Total Federal	49,463.63	33,400.00	-	25,290.00	7,450.00	50,123.63
STATE GRANTS:						
Clean Communities	46,527.38	9,315.00		9,350.00		46,492.38
Clean Communities-2021	-		37,752.68	17,524.06	4,350.00	15,878.62
Drunk Driving Enforcement	125.68					125.68
NJ Hazardous Site Remediation	68,261.50					68,261.50
Sustainable Jersey Grant	361.12					361.12
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
NJ Transportation Trust Fund Authority Act-Bayview Ph 4	-		175,000.00			175,000.00
Total State	157,275.68	9,315.00	212,752.68	26,874.06	4,350.00	348,119.30
LOCAL GRANTS:						
Municipal Alliance	67,819.55	1,362.00		10,663.49		58,518.06
Municipal Alliance-2021	-		23,617.50	2,546.10	1,762.00	19,309.40
Main Street Market Assessment	86.00					86.00
CM Open Space - Harbor Road Bike/Pedestrian Gateway	1,078,581.46	59,666.46	896,000.00	2,013,126.26	4,981.25	16,140.41
Total Local	1,146,487.01	61,028.46	919,617.50	2,026,335.85	6,743.25	94,053.87
	\$ 1,353,226.32	103,743.46	1,132,370.18	2,078,499.91	18,543.25	492,296.80

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance Dec. 31, 2020</u>	<u>Transferred To 2021 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2021</u>
FEDERAL GRANTS:				
American Rescue Plan Act of 2021 - Loss c \$	-		359,999.58	359,999.58
Total Federal	<u>-</u>	<u>-</u>	<u>359,999.58</u>	<u>359,999.58</u>
STATE GRANTS:				
Emergency Management	29,400.00			29,400.00
Total State	<u>29,400.00</u>	<u>-</u>	<u>-</u>	<u>29,400.00</u>
\$	<u>29,400.00</u>	<u>-</u>	<u>359,999.58</u>	<u>389,399.58</u>

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2020		\$	7,420.61
Increased By Receipts:			
Dog License Fees	2,718.20		
Interest Earned	149.84		
			<u>2,868.04</u>
			10,288.65
Decreased By Disbursements:			
Paid to Current Fund - Interest Earned	149.84		
Due to Current Fund - Statutory Excess	1,206.80		
Animal Control Expenditures	1,260.00		
			<u>2,616.64</u>
Balance December 31, 2021		\$	<u><u>7,672.01</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2020 \$ 3,177,864.84

Increased By Receipts:

Recycling	41,977.52
UT Cafeteria Fund	4,729.92
Fire Safety	500.00
Developers Escrow	7,540.00
Sick Pay Reserve	53,565.91
Affordable Housing Trust	171,132.64
Client Funds Escrow Deposits	54,371.95
Landfill Closure	122.53
Planning Board Escrow Review Fees	44,257.50
Municipal Alliance	223.77
Unemployment Compensation	63,763.57
Tax Sale Premiums	282,200.00
TTL Redemptions	203,014.94
Recreation	925.00
Parking Offenses Adjudication Act	36.00
Health Reimbursement Trust	27,504.38
Interest Earned on Deposits - Due to Current Fund	10,382.14

966,247.77

4,144,112.61

Decreased By Disbursements:

Sick Pay Reserve	34,595.74
UT Cafeteria Fund	3,211.00
Recreation	4,937.38
Planning Board Escrow	19,497.50
Recycling	104,117.52
Developers Escrow	16,682.56
Affordable Housing Trust	22,128.69
Municipal Alliance	75.00
Unemployment Compensation	33,660.37
Due to State - Department of Labor	5,124.93
Refunds - Tax Sale Certificates	206,486.39
Tax Sale Premiums	77,100.00
Health Reimbursement Trust	27,504.38
Payments to Current Fund - Revenues	9,891.02

565,012.48

Balance December 31, 2021 \$ 3,579,100.13

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2020		\$ 7,628.94
Increased By:		
Dog Licenses Fees	2,105.60	
Interest on Deposits	149.84	
Duplicate & Late Fees Collected	607.00	
	<hr/>	<hr/>
		2,862.44
		10,491.38
Decreased By Disbursements:		
Animal Control Expenditures	1,260.00	
Due to Current - Statutory Excess	2,304.91	
Interest Paid to Current Fund	149.84	
	<hr/>	<hr/>
		3,714.75
Balance December 31, 2021		\$ <u><u>6,776.63</u></u>

License and Other Fees Collected	<u>Year</u>	
	2019	3,621.62
	2020	3,155.01
		<hr/>
	\$	<u><u>6,776.63</u></u>

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

Balance December 31, 2020		\$ (208.33)
Increased By:		
Dog License Fees Collected In Current Fund	2,712.60	
Interest Paid to Current Fund	149.84	
Due to Current Fund - Statutory Excess	1,206.80	
	<hr/>	<hr/>
		4,069.24
		3,860.91
Decreased By:		
Dog License Fees Received from Current Fund	2,718.20	
Interest Earned	149.84	
Due from Current Fund - Statutory Excess	2,304.91	
	<hr/>	<hr/>
		5,172.95
Balance December 31, 2021		\$ <u><u>895.38</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 123,887.24					43,887.24		80,000.00
Capital Improvement Fund	221,828.45						40,000.00	261,828.45
Encumbrances Payable	1,355,758.87					1,355,758.87	508,388.89	508,388.89
Due from Current Fund	(3,436,865.63)				1,308,588.02	80,000.00	43,887.24	(4,781,566.41)
Reserve to Pay Debt Service-2019 Bond Sale	54,358.80							54,358.80
Reserve for PW Equipment	50,000.00							50,000.00
Reserve for Beach Replenishment	505,000.00						40,000.00	545,000.00
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		28,056.00					100,146.50
Reserve for Construction of Recreation Facilities	9,004.24							9,004.24
Reserve for Asbestos Abatement	86,700.00							86,700.00
<u>Improvement Authorizations:</u>								
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	318,805.28			2,340.00		8,374.10		308,091.18
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	635,193.49					78.00		635,115.49
15-12 Sand Fence Replacement	122,175.00							122,175.00
5-13 Multi-Purpose Equipment/Paving	196,199.31			5,000.00		364.00	5,000.00	195,835.31
10-13 Street Signs	1,696.50							1,696.50
08-16 Various Improvements	101,525.69			6,300.00		377.00	6,300.00	101,148.69
12-18 Various Improvements	609,792.46			175,603.45		455.00	110,603.45	544,337.46
20-19 Various Improvements	(1,408,363.94)		1,900,000.00	1,222,025.42		94,900.00	1,233,855.42	408,566.06
10-20 Various Improvements	100,000.00		1,900,000.00	1,108,199.11		403,840.79		487,960.10
	<u>\$ -</u>	<u>-</u>	<u>3,828,056.00</u>	<u>2,519,467.98</u>	<u>1,308,588.02</u>	<u>1,988,035.00</u>	<u>1,988,035.00</u>	<u>-</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2020		\$	221,828.45
Increased by:			
Current Fund Budget Appropriations	40,000.00		
	<hr/>		<hr/>
			40,000.00
			<hr/>
			261,828.45
Decreased by:			
Improvement Authorizations Funded	-		
	<hr/>		<hr/>
			-
			<hr/>
Balance December 31, 2021		\$	<u><u>261,828.45</u></u>

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

Balance December 31, 2020		\$	7,480,000.00
Increased by:			
None	-		
	<hr/>		<hr/>
			-
			7,480,000.00
Decreased by:			
Serial Bonds Paid	560,000.00		
	<hr/>		<hr/>
			560,000.00
Balance December 31, 2021		\$	<u><u>6,920,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Raised in Budget	Balance Dec. 31, 2021	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	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	1,900,000.00		-
10-20	Various Improvements	1,900,000.00			1,900,000.00	1,900,000.00		-
		<u>\$ 4,260,000.00</u>	<u>-</u>	<u>-</u>	<u>4,260,000.00</u>	<u>3,800,000.00</u>	<u>-</u>	<u>460,000.00</u>
Improvement Authorizations Unfunded								1,356,526.16
Less:								
Unexpended Proceeds of Bond								
Anticipation Notes Issued:								
<u>Ord. Number</u>								
20-19	Various Improvements						(408,566.06)	
10-20	Various Improvements						<u>(487,960.10)</u>	
								<u>460,000.00</u>
								<u>-</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Authorizations		Paid or Charged	Balance December 31, 2021	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	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	318,805.28				10,714.10	308,091.18	
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	635,193.49	160,000.00			78.00	635,115.49	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	196,199.31				364.00	195,835.31	
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	101,525.69				377.00	101,148.69	
12-18	Various Improvements	9/24/2018	3,238,500	609,792.46	300,000.00			65,455.00	544,337.46	300,000.00
20-19	Various Improvements	12/9/2019	2,000,000		491,636.06			83,070.00		408,566.06
10-20	Various Improvements	11/9/2020	2,000,000	100,000.00	1,900,000.00			1,512,039.90		487,960.10
				<u>\$ 2,160,554.62</u>	<u>2,851,636.06</u>	<u>-</u>	<u>-</u>	<u>1,672,098.00</u>	<u>1,983,566.52</u>	<u>1,356,526.16</u>

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			December 31, 2021						
			Date	Amount					
General Improvement Bonds, Series 2019	12/18/2019	\$ 8,000,000	11/15/2022	\$ 640,000.00	3.000%	\$ 7,480,000.00		560,000.00	6,920,000.00
			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%				
						\$ 7,480,000.00	-	560,000.00	6,920,000.00

**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, 2020	Increased	Decreased	Balance Dec. 31, 2021
Various Improvements	20-2019	8/18/2021	8/18/2021	8/18/2022	1.000% \$	-	1,900,000.00		1,900,000.00
Various Improvements	10-2020	8/18/2021	8/18/2021	8/18/2022	1.000%	-	1,900,000.00		1,900,000.00
					\$	<u>-</u>	<u>3,800,000.00</u>	<u>-</u>	<u>3,800,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Notes Issued	Balance Dec. 31, 2021
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	-
		<u>\$ 4,260,000.00</u>	<u>-</u>	<u>3,800,000.00</u>	<u>460,000.00</u>

TOWNSHIP OF UPPER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2021

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, 2020, the bid threshold is \$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 Beesley's Point Park
- Reconstruction of Beesley's Point Boat Ramp
- Towing, Storage and Lockout Services
- Towing, Storage and Lockout Services (re-bid)
- Dredging at Beesley's Point Park

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 2021.

This Resolution shall take effect January 1, 2021.

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 December 7, 2021 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:

<u>Year</u>	<u>Number</u>
2021	93
2020	96
2019	94

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:

<u>Type:</u>	<u>Number Mailed</u>
Payments of 2021 and 2022 Taxes	25
Delinquent Taxes	25
Total	<u>50</u>

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.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2021 \$	38,383,623.56	37,864,632.38	98.65%
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%

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 1.931	1.856	1.811	1.764	1.744
Apportionment of Tax Rate:					
Municipal	0.219	0.201	0.196	0.183	0.171
County	0.302	0.288	0.283	0.278	0.280
Local School	1.41	1.367	1.332	1.303	1.293
Assessed Valuation	1,878,392,400	1,870,526,600	1,871,535,900	1,864,327,932	1,856,932,457

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
2021 \$	82,987.57	484,103.64	567,091.21	1.48%
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%

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

July 8, 2022