

TOWNSHIP OF UPPER
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2024

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TOWNSHIP OF UPPER
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED
DECEMBER 31, 2024



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Township Committee
Township of Upper
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, 2024 and 2023, 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, 2024 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, 2024, and 2023, 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, 2024 and 2023, 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, 2024 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 schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08 respectively, 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, schedule of expenditures of federal awards and the schedule of state financial assistance are 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 April 30, 2025, 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

April 30, 2025

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EXHIBIT - A
CURRENT FUND

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

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 20,284,405.35	15,748,266.29
Cash - Change	300.00	400.00
Total Cash	<u>20,284,705.35</u>	<u>15,748,666.29</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	524,810.27	440,118.82
Tax Title and Other Liens	157,667.15	105,738.61
Property Acquired for Taxes - at Assessed Valuation	3,794,099.00	3,790,699.00
Revenue Accounts Receivable	3,651.21	1,444.08
Interfund Receivable:		
Trust - Other	2,767.05	2,434.20
Animal Control Trust Fund	-	1,054.29
Total Receivables and Other Assets	<u>4,482,994.68</u>	<u>4,341,489.00</u>
Total Regular Fund	<u>24,767,700.03</u>	<u>20,090,155.29</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	3,755,905.71	694,058.55
Due from Current Fund	15,754.11	317,677.73
Total Federal and State Grant Fund	<u>3,771,659.82</u>	<u>1,011,736.28</u>
Total Current Fund	<u>\$ 28,539,359.85</u>	<u>21,101,891.57</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2024</u>	<u>2023</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 981,042.29	1,309,409.30
Reserve for Encumbrances	401,522.71	411,034.26
Payroll Taxes Payable	17,711.06	-
Prepaid Taxes	668,506.52	580,918.94
Overpaid Taxes	4,729.29	7,466.95
Local School Tax Payable	7,577,096.00	6,475,090.00
County Added Tax Payable	50,997.52	47,136.61
Due to State:		
Marriage Licenses	375.00	450.00
DCA Fees	4,940.00	4,042.00
Other	2,798.05	1,550.79
Dog Licenses	2.40	5.40
Hunting Licenses	423.25	88.75
Interfund Payable:		
General Capital Fund	4,019,309.71	564,286.28
Animal Control Trust Fund	379.66	-
Grant Fund	15,754.11	317,677.73
Other		
Reserve for Capital Projects	158,361.89	139,896.89
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
Reserve National Opioid Settlements	27,776.74	9,437.68
Reserve Municipal Relief Fund	-	645,806.08
	<u>14,103,473.85</u>	<u>10,686,045.31</u>
Reserve for Receivables and Other Assets	4,482,994.68	4,341,489.00
Fund Balance	<u>6,181,231.50</u>	<u>5,062,620.98</u>
Total Regular Fund	<u>24,767,700.03</u>	<u>20,090,155.29</u>
Federal and State Grant Fund:		
Unappropriated Reserves	10,000.00	133,267.17
Appropriated Reserves	2,537,500.91	754,651.77
Encumbrances Payable	<u>1,224,158.91</u>	<u>123,817.34</u>
Total Federal and State Grant Fund	<u>3,771,659.82</u>	<u>1,011,736.28</u>
Total Current Fund	<u>\$ 28,539,359.85</u>	<u>21,101,891.57</u>

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

	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized		
Fund Balance	\$ 2,155,000.00	1,755,000.00
Miscellaneous Revenue Anticipated	13,182,320.07	9,587,113.09
Receipts from Delinquent Taxes	420,084.74	427,677.68
Receipts from Current Taxes	43,570,083.29	41,243,325.64
Non Budget Revenue	298,131.78	387,790.22
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,260,119.60	1,100,808.31
Interfund Returned	3,488.49	1,703.98
Cancellation of Prior Year Payable	-	41,947.37
Cancellation of Grants	4,238.00	-
Total Income	<u>60,893,465.97</u>	<u>54,545,366.29</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	5,499,075.00	5,075,015.00
Other Expenses	6,851,903.00	6,827,355.00
Public and Private Programs Offset by Revenues	3,379,587.89	589,762.99
Deferred Charges & Statutory Expenditures	1,095,395.00	1,029,476.00
Appropriations Excluded from "CAPS"		
Operations:		
Insurance (N.J.S.A. 40A:4-45.3(00))	-	131,504.00
Capital Improvements	401,732.83	140,000.00
Debt Service	1,723,545.83	1,434,331.67
Deferred Charges	469,775.00	-
Local District School Tax	29,754,193.00	27,550,179.00
County Tax	6,349,552.24	6,499,020.12
County Share of Added Tax	50,997.52	46,393.77
Interfund Created	2,767.05	3,488.49
Refund of Prior Year's Revenue	1,250.00	1,500.00
Other:		
Special District Tax	2,040,081.09	2,002,514.22
Total Expenditures	<u>57,619,855.45</u>	<u>51,330,540.26</u>
Excess in Revenue	\$ <u>3,273,610.52</u>	<u>3,214,826.03</u>

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

	<u>2024</u>	<u>2023</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>3,273,610.52</u>	<u>3,214,826.03</u>
Fund Balance January 1	<u>5,062,620.98</u>	<u>3,602,794.95</u>
	8,336,231.50	6,817,620.98
Decreased by:		
Utilization as Anticipated Revenue	<u>2,155,000.00</u>	<u>1,755,000.00</u>
Fund Balance December 31	<u>\$ <u>6,181,231.50</u></u>	<u>5,062,620.98</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 2,155,000.00		2,155,000.00	-
Total Fund Balance Anticipated	2,155,000.00	-	2,155,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	5,000.00		5,300.00	300.00
Fines and Costs:				
Municipal Court	35,000.00		51,029.00	16,029.00
Interest and Costs on Taxes	90,000.00		103,039.16	13,039.16
Interest on Investments and Deposits	350,000.00		674,405.16	324,405.16
EMS Ambulance Fees	335,000.00		460,230.52	125,230.52
Host Community Benefits	550,000.00		530,721.53	(19,278.47)
Cable TV Fees	60,000.00		67,174.90	7,174.90
Cell Tower Fees	110,000.00		141,091.35	31,091.35
Total Section A: Local Revenues	1,535,000.00	-	2,032,991.62	497,991.62
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	6,191,482.00		6,265,312.00	73,830.00
Garden State Trust	132,171.00		162,760.00	30,589.00
Municipal Relief Fund	645,806.08		645,806.08	-
Total Section B: State Aid Without Offsetting Appropriations	6,969,459.08	-	7,073,878.08	104,419.00
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	225,000.00		355,712.60	130,712.60
Total Section C: Uniform Construction Code Fees	225,000.00	-	355,712.60	130,712.60

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section F: Special Items - Public and Private Programs				
NJ Transportation Trust Fund Authority Act	264,364.00		264,364.00	-
Municipal Alliance on Alcoholism and Drug Abuse	18,894.00		18,894.00	-
Emergency Management	10,000.00		10,000.00	-
Stormwater Assistance Grant	15,000.00		15,000.00	-
American Rescue Plan	123,267.17		123,267.17	-
Clean Communities Program		47,095.96	47,095.96	-
Local Aid Infrastructure Fund Program - NJDOT		1,000,000.00	1,000,000.00	-
Safe Routes to Schools Program- NJDOT		925,000.00	925,000.00	-
Assistance to Firefighters Grant Program		728,181.75	728,181.75	-
American Rescue Plan Firefighter 2024 - NJ DCA		69,300.00	69,300.00	-
US Department of Agriculture Predevelopment Planning Grant		60,000.00	60,000.00	-
2024 Local Recreational Improvement Grant - NJ DCA		68,500.00	68,500.00	-
US Department of Treasury Coronavirus State and Local Fiscal Recovery		21,539.26	21,539.26	-
Division on Mental Health & Addiction Services Youth Leadership		3,634.26	3,634.26	-
US Department of Treasury Coronavirus State and Local Fiscal Recovery		4,237.99	4,237.99	-
Estate of Rita McHenny-Lifeguard Boat		15,850.00	15,850.00	-
Total Section F: Special Items - Public and Private Programs	431,525.17	2,943,339.22	3,374,864.39	-
Off-Set with Appropriations				
Section G: Other Special Items				
Dennis Township & Corbin City - Municipal Court	125,000.00		179,868.08	54,868.08
Reserve for Debt Service	165,005.30		165,005.30	-
Total Section G: Other Special Items	290,005.30	-	344,873.38	54,868.08
Total Miscellaneous Revenues:	9,450,989.55	2,943,339.22	13,182,320.07	787,991.30
Receipts from Delinquent Taxes	377,200.00		420,084.74	42,884.74
Amount to be Raised by Taxes for Support of Municipal Budget	5,618,158.06		6,498,931.55	880,773.49
Local Tax for Municipal Purposes	5,618,158.06	-	6,498,931.55	880,773.49
Total Amount to be Raised by Taxes for Support of Municipal Budget	17,601,347.61	2,943,339.22	22,256,336.36	1,711,649.53
Budget Totals				
Non- Budget Revenues:				
Other Non- Budget Revenues:	-		298,131.78	298,131.78
\$	17,601,347.61	2,943,339.22	22,554,468.14	2,009,781.31

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	43,570,083.29
Less: Reserve for Tax Appeals Pending	<u>-</u>

Net Revenue from Collections	43,570,083.29
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Allocated to:

School, County and Other Taxes	<u>38,194,823.85</u>
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Balance for Support of Municipal Budget Appropriations	5,375,259.44
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	<u>1,123,672.11</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>6,498,931.55</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	418,036.83
Tax Title Lien Collections	<u>2,047.91</u>

Total Receipts from Delinquent Taxes	<u><u>420,084.74</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Township Facilities Use Fees	8,266.00
Boat Ramp Fees	24,595.00
Street Openings	545.00
Mining Permits	15,000.00
Planning and Zoning Board Deposits	20,700.00
MUA Permit Fees	14,683.81
State Wildlife	9,190.00
Property Lists	640.00
Raffle and Bingo Licenses	210.00
Clerk's Receipts	16,195.91
Engineer/Zoning Escrow Fees	9,140.00
Passport Fees	5,285.00
Tax Collector Receipts	5,457.65
Lead Inspection Fees	11,780.00
Fish and Game	164.00
Short Term Rental Registration	100.00
JIF Reimbursement	42,986.84
Campground Fees/Mobile Park Fees	17,336.00
Dog Park Receipts/Dog Excess	1,877.04
Administration Fees	1,811.71
Ambulance Fees Corbin City	10,000.00
W/C Employee Reimbursement	45,598.95
Corbin City Public Works Services	27,000.00
Other Reimbursements & Refunds	<u>9,568.87</u>

Total Miscellaneous Revenue Not Anticipated:	<u><u>298,131.78</u></u>
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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Committee						
Salaries & Wages	\$ 73,500.00	73,500.00	72,824.92		675.08	-
Other Expenses	18,800.00	18,800.00	16,899.68	249.23	1,651.09	-
Township Clerk						
Salaries & Wages	207,500.00	225,000.00	219,129.08		5,870.92	-
Other Expenses	48,000.00	38,000.00	29,081.55	8,279.15	639.30	-
Financial Administration						
Salaries & Wages	166,000.00	178,500.00	177,700.01		799.99	-
Other Expenses						
Audit Services						
Computer Services	40,000.00	40,000.00	40,000.00		-	-
Miscellaneous Other Expenses	193,000.00	188,000.00	128,245.95	41,131.28	18,622.77	-
General Administration	21,200.00	21,200.00	14,046.42	2,983.82	4,169.76	-
Salaries & Wages	102,700.00	120,300.00	119,450.08		849.92	-
Other Expenses	46,700.00	46,700.00	30,512.15	15,307.28	880.57	-
Assessment of Taxes						
Salaries & Wages	130,000.00	104,000.00	95,931.17		8,068.83	-
Other Expenses	31,900.00	11,900.00	3,230.35	5,290.08	3,379.57	-
Collection of Taxes						
Salaries & Wages	171,100.00	178,600.00	173,578.05		5,021.95	-
Other Expenses						
Purchase of Tax Title Liens	3,000.00	-			-	-
Miscellaneous Other Expenses	6,900.00	6,900.00	3,345.45	38.90	3,515.65	-
Legal Services						
Other Expenses	165,000.00	147,000.00	113,409.70		33,590.30	-
Special Litigation						
Other Expenses	145,000.00	135,000.00	61,718.32	59,248.55	14,033.13	-
Engineering Services						
Other Expenses	275,000.00	220,000.00	171,680.10	47,407.19	912.71	-

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, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
INSURANCE						
General Liability	221,000.00	221,000.00	216,889.03	1,625.00	2,485.97	-
Workers Compensation Insurance	482,500.00	507,500.00	506,525.33		974.67	-
Employee Group Health	2,310,000.00	2,310,000.00	1,709,856.25	7,710.78	592,432.97	-
Health Benefit						
Salaries & Wages	12,000.00	12,000.00	10,000.00		2,000.00	-
LAND USE ADMINISTRATION						
Planning Board						
Salaries & Wages	23,750.00	29,650.00	28,175.28		1,474.72	-
Other Expenses	19,400.00	22,400.00	19,822.50	1,207.50	1,370.00	-
Zoning Board of Adjustment						
Salaries & Wages	21,750.00	21,750.00	20,926.78		823.22	-
Other Expenses	19,400.00	9,400.00	4,749.07		4,650.93	-
PUBLIC SAFETY						
First Aid Organization						
Salaries & Wages	910,000.00	990,000.00	978,525.08		11,474.92	-
Other Expenses	175,315.00	170,315.00	142,065.36	28,223.87	25.77	-
Emergency Management Services						
Salaries & Wages	6,700.00	6,700.00	6,699.98		0.02	-
Other Expenses	88,000.00	62,000.00	53,722.73	4,140.24	4,137.03	-
Crossing Guard						
Salaries & Wages	10,800.00	9,400.00	8,714.00		686.00	-
Other Expenses	500.00	500.00			500.00	-
Regional Dispatch - Contractual	293,865.00	279,865.00	279,221.90		643.10	-
Municipal Court						
Salaries & Wages	209,000.00	199,000.00	191,791.70		7,208.30	-
Other Expenses	43,250.00	27,250.00	19,813.18	3,642.17	3,794.65	-
Public Defender						
Other Expenses	25,163.00	25,163.00	24,125.85		1,037.15	-
Municipal Prosecutor						
Other Expenses	55,000.00	55,000.00	52,708.41		2,291.59	-

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, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC WORKS						
Road Repairs and Maintenance	877,400.00	894,400.00	887,864.52		6,535.48	-
Salaries & Wages						
Other Expenses	29,000.00	7,000.00	6,402.17		597.83	-
Surfacing of Roads	389,600.00	389,600.00	335,074.03	40,722.78	13,803.19	-
Miscellaneous Other Expenses						
Recycling	280,800.00	282,800.00	273,970.61		8,829.39	-
Salaries & Wages	141,500.00	126,500.00	98,219.87	7,236.53	21,043.60	-
Other Expenses						
Garbage and Trash	514,500.00	489,500.00	461,377.89		28,122.11	-
Salaries & Wages						
Other Expenses	530,000.00	530,000.00	497,494.86	7,975.87	24,529.27	-
Tipping Fees	134,800.00	104,800.00	67,715.42	6,629.10	30,455.48	-
Miscellaneous Other Expenses						
Public Buildings and Grounds	854,000.00	854,000.00	843,183.59		10,816.41	-
Salaries & Wages	373,200.00	383,200.00	316,443.60	63,510.48	3,245.92	-
Other Expenses						
Demolition	10,000.00	-			-	-
Other Expenses						
HEALTH AND WELFARE						
Board of Health	100.00	100.00			100.00	-
Other Expenses						
Dog Regulation						
Other Expenses	106,210.00	106,210.00	103,172.99		3,037.01	-
PARK AND RECREATION						
Emergency Shore Protection						
Other Expenses	65,000.00	65,000.00	37,391.58	12,206.55	15,401.87	-
Beach Protection						
Salaries & Wages	405,175.00	398,275.00	398,273.05		1.95	-
Other Expenses	37,300.00	38,400.00	37,113.11	1,276.55	10.34	-
Community Center						
Other Expenses	45,000.00	45,000.00	39,095.09	1,127.94	4,776.97	-
Affordable Housing						
Other Expenses	500.00	500.00	39.00	75.00	386.00	-
Sports and Recreation						
Salaries & Wages	94,000.00	85,000.00	84,081.78		918.22	-
Other Expenses	60,750.00	55,750.00	45,942.70	5,293.00	4,514.30	-
Gypsy Moth Program						
Other Expenses	4,800.00	4,800.00	2,036.19		2,763.81	-
Parking Enforcement						
Salaries & Wages	25,000.00	26,800.00	26,749.64		50.36	-
Other Expenses	3,500.00	3,500.00	3,457.04		42.96	-

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, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	248,000.00	255,300.00	251,951.98		3,348.02	-
Other Expenses	7,950.00	7,950.00	7,450.71	147.98	351.31	-
Zoning/Code Official						
Salaries & Wages	29,500.00	24,500.00	19,783.92		4,716.08	-
Other Expenses	2,000.00	2,000.00	163.09	117.00	1,719.91	-
UNCLASSIFIED						
Celebration of Public Events	32,000.00	32,000.00	31,904.69		95.31	-
Compensation for Accumulated Absence	100.00	40,100.00	40,100.00		-	-
Drug and Alcohol Testing	5,200.00	5,200.00	4,852.50		347.50	-
UTILITY EXPENSES AND BULK PURCHASES						
Street Lighting	278,000.00	380,500.00	321,781.11	28,718.89	30,000.00	-
TOTAL OPERATIONS WITHIN "CAPS"	12,357,578.00	12,350,978.00	10,988,202.14	401,522.71	961,253.15	-
Contingent	-	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	12,357,578.00	12,350,978.00	10,988,202.14	401,522.71	961,253.15	-
Detail:						
Salaries & Wages	5,373,275.00	5,499,075.00	5,390,783.11	-	108,291.89	-
Other Expenses	6,984,303.00	6,851,903.00	5,597,419.03	401,522.71	852,961.26	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None	-	-	-	-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	656,995.00	656,995.00	656,995.00		-	-
Social Security System (O.A.S.I.)	415,000.00	420,000.00	402,489.08		17,510.92	-
Unemployment Compensation Insurance	3,800.00	5,400.00	5,231.88		168.12	-
Defined Contribution Retirement Program	13,000.00	13,000.00	10,889.90		2,110.10	-

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, 2024

	Appropriations		Paid or		Expended		(Over expended)
	Budget	Budget After Modifications	Charged	Reserved	Encumbered	Cancelled	Unexpended Balance
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,088,795.00	1,095,395.00	1,075,605.86	19,789.14	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	13,446,373.00	13,446,373.00	12,063,808.00	981,042.29	401,522.71	-	-
OPERATIONS - EXCLUDED FROM "CAPS"							
(A) Operations - Excluded from "CAPS"	-	-	-	-	-	-	-
Employee Group Health	-	-	-	-	-	-	-
(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	-	-	-	-
Emergency Management	10,000.00	10,000.00	10,000.00	-	-	-	-
NJ Transportation Trust Fund Authority Act	264,364.00	264,364.00	264,364.00	-	-	-	-
American Rescue Plan:							
Stormwater Pump Project	123,267.17	123,267.17	123,267.17	-	-	-	-
Stormwater Assistance Program	15,000.00	15,000.00	15,000.00	-	-	-	-
Clean Communities Program		47,095.96	47,095.96	-	-	-	-
Local Aid Infrastructure Fund Program - NJDOT		1,000,000.00	1,000,000.00	-	-	-	-
Safe Routes to Schools Program- NJDOT		925,000.00	925,000.00	-	-	-	-
Assistance to Firefighters Grant Program		728,181.75	728,181.75	-	-	-	-
American Rescue Plan Firefighter 2024 - NJ DCA		69,300.00	69,300.00	-	-	-	-
US Department of Agriculture Predevelopment Planning Grant		60,000.00	60,000.00	-	-	-	-
2024 Local Recreational Improvement Grant - NJ DCA		68,500.00	68,500.00	-	-	-	-
US Department of Treasury Coronavirus State and Local Fiscal Recovery		21,539.26	21,539.26	-	-	-	-
Division on Mental Health & Addiction Services Youth Leadership		3,634.26	3,634.26	-	-	-	-
US Department of Treasury Coronavirus State and Local Fiscal Recovery		4,237.99	4,237.99	-	-	-	-
Estate of Rita McHenry-Lifeguard Boat		15,850.00	15,850.00	-	-	-	-
Total Public and Private Programs Off-Set by Revenues	436,248.67	3,379,587.89	3,379,587.89	-	-	-	-
Total Operations - Excluded from "CAPS"	436,248.67	3,379,587.89	3,379,587.89	-	-	-	-
Detail:							
Salaries & Wages	-	-	-	-	-	-	-
Other Expenses	436,248.67	3,379,587.89	3,379,587.89	-	-	-	-
(C) Capital Improvements							
Capital Improvement Fund	150,000.00	150,000.00	150,000.00	-	-	-	-
Beach Replenishment Fund	40,000.00	40,000.00	40,000.00	-	-	-	-
Stormwater Pump Project	211,732.83	211,732.83	211,732.83	-	-	-	-
Total Capital Improvements	401,732.83	401,732.83	401,732.83	-	-	-	-

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, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	800,000.00	800,000.00	800,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	650,000.00	650,000.00	650,000.00	-	-	-
Interest on Bonds	146,400.00	146,400.00	146,400.00	-	-	-
Interest on Notes	127,146.00	127,146.00	127,145.83	(0.00)	(0.00)	0.17
Total Debt Service	<u>1,723,546.00</u>	<u>1,723,546.00</u>	<u>1,723,545.83</u>	<u>-</u>	<u>(0.00)</u>	<u>0.17</u>
(E) Deferred Charges						
Ord # 19-11	160,000.00	160,000.00	160,000.00	-	-	-
Ord # 12-18	300,000.00	300,000.00	300,000.00	-	-	-
Ord # 02-23	9,775.00	9,775.00	9,775.00	-	-	-
Total Deferred Charges	<u>469,775.00</u>	<u>469,775.00</u>	<u>469,775.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>3,031,302.50</u>	<u>5,974,641.72</u>	<u>5,974,641.55</u>	<u>-</u>	<u>(0.00)</u>	<u>0.17</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>16,477,675.50</u>	<u>19,421,014.72</u>	<u>18,038,449.55</u>	<u>401,522.71</u>	<u>981,042.29</u>	<u>0.17</u>
(M) Reserve for Uncollected Taxes	<u>1,123,672.11</u>	<u>1,123,672.11</u>	<u>1,123,672.11</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 17,601,347.61</u>	<u>20,544,686.83</u>	<u>19,162,121.66</u>	<u>401,522.71</u>	<u>981,042.29</u>	<u>0.17</u>
Budget		17,601,347.61			Cancelled	0.17
Appropriations by 40A:4-87		<u>2,943,339.22</u>			Overexpended	-
		<u>20,544,686.83</u>				<u>0.17</u>
Reserve for Uncollected Taxes		1,123,672.11				
Federal and State Grants		3,379,587.89				
Deferred Charges		469,775.00				
Capital Improvement Fund		190,000.00				
Disbursements		13,999,086.66				
		<u>19,162,121.66</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>2024</u>	<u>2023</u>
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 5,722.34	6,776.63
Due from Current Fund	379.66	-
	<u>6,102.00</u>	<u>6,776.63</u>
<u>Other Funds</u>		
Cash and Investments - Treasurer	3,825,736.81	3,580,858.70
Revenue Accounts Receivable - POAA	2.00	-
	<u>3,825,738.81</u>	<u>3,580,858.70</u>
	<u>\$ 3,831,840.81</u>	<u>3,587,635.33</u>

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

	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 6,102.00	5,722.34
Due to Current Fund	-	1,054.29
	<u>6,102.00</u>	<u>6,776.63</u>
<u>Other Funds</u>		
Deposits for Tax Title Lien Certificates	36,507.00	204.87
Premiums Received at Tax Sale	215,400.00	190,200.00
Due to Current Fund	2,767.05	2,434.20
Reserve for Fire Safety	18,114.40	18,114.40
Reserve for Unemployment Compensation	147,341.22	182,051.68
Reserve for Developers' Escrow	20,091.03	76,923.03
Reserve for Client Funds Escrow	363,883.34	505,801.55
Reserve for Landfill Closure Fund	37,657.55	36,085.50
Reserve for Planning Board Escrow	162,193.96	130,535.66
Reserve for Recycling	368,202.38	355,089.32
Reserve for Recreation Fund	37,022.51	34,402.51
Reserve for Municipal Alliance	12,459.89	12,240.81
Reserve for Sick Pay	322,984.30	319,952.65
Reserve for Affordable Housing Trust	2,069,778.45	1,705,492.79
Reserve for UT Cafeteria Fund	465.21	465.21
Reserve for Recreation Donations	10,756.52	10,756.52
Reserve for Parking Offenses Adjudication Act	114.00	108.00
	<u>3,825,738.81</u>	<u>3,580,858.70</u>
	\$ <u>3,831,840.81</u>	<u>3,587,635.33</u>

EXHIBIT - C
GENERAL CAPITAL FUND

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

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Deferred Charges to Future Taxation -		
Unfunded	\$ 1,175,000.00	6,779,775.00
Funded	12,600,000.00	5,560,000.00
Interfunds and Receivables		
Due from Current Fund	4,019,309.71	564,286.28
	<u>17,794,309.71</u>	<u>12,904,061.28</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,328,076.85	434,564.76
Bond Anticipation Notes Payable	-	3,000,000.00
General Serial Bonds	12,600,000.00	5,560,000.00
Improvement Authorizations:		
Funded	1,242,126.12	495,224.39
Unfunded	1,175,000.00	1,965,412.29
Reserve for PW Equipment	50,000.00	50,000.00
Reserve for Beach Replenishment	665,000.00	625,000.00
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	160,252.20	110,646.50
Reserve to Pay Debt Service-2019 Bond Sale	-	54,358.80
Capital Improvement Fund	192,103.45	227,103.45
Fund Balance	80,000.00	80,000.00
	<u>\$ 17,794,309.71</u>	<u>12,904,061.28</u>

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

2023	3,779,775.00
2024	1,175,000.00

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

	<u>2024</u>	<u>2023</u>
Beginning Balance January 1,	\$ 80,000.00	80,000.00
Increased by:		
None	-	-
Decreased by:		
None	-	-
Ending Balance December 31,	<u>\$ 80,000.00</u>	<u>80,000.00</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>2024</u>	<u>2023</u>
General Fixed Assets:		
Land	\$ 23,020,300.00	23,676,664.00
Buildings	12,200,968.00	12,003,092.00
Machinery and Equipment	<u>10,911,701.00</u>	<u>8,291,578.00</u>
Total General Fixed Assets	<u><u>46,132,969.00</u></u>	<u><u>43,971,334.00</u></u>
Investment in General Fixed Assets	\$ <u><u>46,132,969.00</u></u>	<u><u>43,971,334.00</u></u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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, 2024 AND 2023

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

F. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2024:

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No.99, "Omnibus 2022". This statement, and the requirements related to leases, PPP's and SBITAs which is effective for fiscal years beginning after June 15, 2022, and all reporting periods, thereafter, may have an effect on the Township's financial statements. This statement, and the requirements related financial guarantees and the classification and reporting of derivative instruments which is effective for fiscal years beginning after June 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the Township's financial reporting for the year ended December 31, 2024.

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 years beginning after June 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the Township's financial reporting for the year ended December 31, 2024.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, and all reporting periods, thereafter. This standard did not have a significant effect on the Township's financial reporting for the year ended December 31, 2024.

G. Recent Accounting Pronouncements Not Yet Effective

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement, which is effective for fiscal years beginning after June 15, 2024, and all reporting periods, thereafter, will not have any significant effect on the Township's financial reporting.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods, thereafter, will not have any significant effect on the Township's financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods, thereafter, will not have any significant effect on the Township's financial reporting.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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 2024 and 2023, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2024</u>	<u>2023</u>
Clean Communities Program	\$ 47,095.96	\$ 41,464.49
Local Aid Infrastructure Fund Program - NJDOT	1,000,000.00	
Safe Routes to Schools Program- NJDOT	925,000.00	
Assistance to Firefighters Grant Program	728,181.75	
American Rescue Plan Firefighter 2024 - NJ DCA	69,300.00	
US Department of Agriculture Predevelopment Planning Grant	60,000.00	
2024 Local Recreational Improvement Grant - NJ DCA	68,500.00	
US Department of Treasury Coronavirus State and Local Fiscal Recovery	21,539.26	
Division on Mental Health & Addiction Services Youth Leadership	3,634.26	
US Department of Treasury Coronavirus State and Local Fiscal Recovery	4,237.99	
Estate of Rita McIlhenny-Lifeguard Boat	15,850.00	
Lead Grant Assistance Program		7,200.00
Spotted Lanternfly Grant Program		15,000.00
CMC American Rescue Plan Act Infrastructure Grant Program		400,000.00
Cape May County Historic Preservation Trust Grant Program		29,500.00
SLFRF-Premium Pay EMS		33,581.00

The township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. As of December 31, 2024, 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 2024 and 2023 statutory budgets included a reserve for uncollected taxes in the amount of \$1,123,672.11 and \$1,097,620.62. To balance the budget, the township is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2024 and 2023 statutory budgets was \$2,155,000.00 and \$1,755,000.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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 2024 and 2023 calendar years:

<u>Budget Category - Current Fund:</u>	<u>2024</u>	<u>2023</u>
Financial Administration		
Salaries and Wages	\$	(25,000.00)
Assessment of Taxes		
Salaries and Wages	(26,000.00)	
Engineering Services		
Salaries and Wages		(60,300.00)
Other Expenses	(55,000.00)	120,000.00
Insurance		
Workers Compensation Insurance	25,000.00	
First Aid Organization		
Salaries and Wages	80,000.00	(60,000.00)
Emergency Management Services		
Other Expenses	(26,000.00)	
Road Repairs and Maintenance		
Salaries and Wages		(37,000.00)
Other Expenses		(26,000.00)
Garbage and Trash		
Salaries and Wages	(25,000.00)	
Other Expenses - Misc	(30,000.00)	
Public Buildings and Grounds		
Other Expenses		70,000.00
Compensation for Accumulated Absence	40,000.00	
Utility - Street Lighting	102,500.00	40,000.00

NOTE 3: INVESTMENTS

As of December 31, 2024 and 2023, the township held certificates of deposit in the amount of \$37,657.55 and \$36,085.50 respectively with Ocean First Bank. The certificates matured in 2024 and were rolled over for one year with an interest rate of 4.17%.

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 township places no limit on the amount the township can invest in any one issuer.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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 township'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, 2024, \$110,591.95 of the government's bank balance of \$24,248,922.82 was exposed to custodial credit risk. As of December 31, 2023, \$48,303.14 of the government's bank balance of \$19,338,737.78 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2024, and 2023:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Land	\$ 23,731,406.00	46,458.00	(101,200.00)	23,676,664.00
Building	11,996,077.00	7,015.00		12,003,092.00
Machinery and Equipment	8,545,395.00	528,076.00	(781,893.00)	8,291,578.00
	<u>\$ 44,272,878.00</u>	<u>581,549.00</u>	<u>(883,093.00)</u>	<u>43,971,334.00</u>

	Balance 12/31/2023	Additions	** Adjustment	Balance 12/31/2024
Land	\$ 23,676,664.00		(656,364.00)	23,020,300.00
Building	12,003,092.00	168,299.00	29,577.00	12,200,968.00
Machinery and Equipment	8,291,578.00	1,460,772.00	1,159,351.00	10,911,701.00
	<u>\$ 43,971,334.00</u>	<u>1,629,071.00</u>	<u>532,564.00</u>	<u>46,132,969.00</u>

** A complete inventory of the Townships assets was done in 2024.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023
Bond Anticipation Notes payable:				
General	\$ 3,450,000.00	3,000,000.00	3,450,000.00	3,000,000.00
	<u>\$ 3,450,000.00</u>	<u>3,000,000.00</u>	<u>3,450,000.00</u>	<u>3,000,000.00</u>
	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024
Bond Anticipation Notes payable:				
General	\$ 3,000,000.00		3,000,000.00	-
	<u>\$ 3,000,000.00</u>	<u>-</u>	<u>3,000,000.00</u>	<u>-</u>

The Capital Bond Anticipation Note was paid in full on August 14, 2024. The note was permanently funded with General Improvement Bonds on August 13, 2024.

As of December 31, 2024, the township has authorized but not issued bonds in the amount of \$1,175,000.00 in the General Capital Fund.

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2024, and 2023 consisted of the following:

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 788,189.39		381,155.14	407,034.25	
General Capital Fund					
Bonds Payable	6,280,000.00		720,000.00	5,560,000.00	800,000.00
Total long-term liabilities	<u>7,068,189.39</u>	<u>-</u>	<u>1,101,155.14</u>	<u>5,967,034.25</u>	<u>800,000.00</u>
	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 407,034.25	318,524.93		725,559.18	
General Capital Fund					
Bonds Payable	5,560,000.00	7,840,000.00	800,000.00	12,600,000.00	1,350,000.00
Total long-term liabilities	<u>5,967,034.25</u>	<u>8,158,524.93</u>	<u>800,000.00</u>	<u>13,325,559.18</u>	<u>1,350,000.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Description of Bonds and Loans Payable

At December 31, 2024, 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, 2024, is \$4,760,000.00.

\$7,840,000.00 General Improvement Bonds dated August 13, 2024, due in annual installments beginning August 1, 2025 through August 1, 2034, bearing interest at various rates from 4.000% to 2.000% per annum. The balance remaining as of December 31, 2024, is \$7,840,000.00.

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

Year Ending December 31	General Capital Fund	
	Principal	Interest
2025	\$ 1,350,000.00	405,826.67
2026	1,470,000.00	370,000.00
2027	1,585,000.00	320,400.00
2028	1,705,000.00	266,600.00
2029	1,825,000.00	218,400.00
2030 - 2034	4,665,000.00	477,000.00
	<u>\$ 12,600,000.00</u>	<u>2,058,226.67</u>

<u>Summary of Municipal Debt</u>	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 12,600,000.00	\$ 8,560,000.00	\$ 9,730,000.00
Total Issued	<u>12,600,000.00</u>	<u>8,560,000.00</u>	<u>9,730,000.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,175,000.00	3,779,775.00	460,000.00
Total Authorized But Not Issued	<u>1,175,000.00</u>	<u>3,779,775.00</u>	<u>460,000.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 13,775,000.00</u>	<u>\$ 12,339,775.00</u>	<u>\$ 10,190,000.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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 0.484%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -		-
General Debt	13,775,000.00	160,252.20	13,614,747.80
	<u>\$ 13,775,000.00</u>	<u>160,252.20</u>	<u>13,614,747.80</u>

Net Debt \$13,614,747.80 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,810,245,275.67 = 0.484%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 98,358,585.00
Net Debt	13,614,747.80
Remaining Borrowing Power	<u>\$ 84,743,837.20</u>

NOTE 8: FUND BALANCES APPROPRIATED

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

		<u>2025</u>	<u>2024</u>
Current Fund	\$	2,629,000.00	2,155,000.00

NOTE 9: SCHOOL TAXES

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

	<u>12/31/2024</u>	<u>12/31/2023</u>
Balance of Tax	\$ 14,877,096.00	\$ 13,775,090.00
Deferred	7,300,000.00	7,300,000.00
Tax Payable	<u>\$ 7,577,096.00</u>	<u>\$ 6,475,090.00</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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 12/31/2024	Balance 12/31/2023
Prepaid Taxes	\$ 668,506.52	\$ 580,918.94
Cash Liability for Taxes Collected in Advance	\$ 668,506.52	\$ 580,918.94

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 fourteen individuals enrolled in DCRP.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 17.11% of covered payroll. The township's contributions to PERS for the years ended December 31, 2024, 2023, and 2022 were \$656,995.00, \$615,626.00, and \$582,883.00.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The total payroll for the year ended December 31, 2024, 2023, and 2022 was \$4,742,262.91, \$4,268,811.87, and \$4,396,194.40. Payroll covered by PERS was \$3,914,738.00, \$3,614,431.00, and \$3,637,159.00.

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 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2013.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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, 2023:

Public Employees' Retirement System

The Township has a liability of \$7,120,054 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 that was rolled forward to June 30, 2023. 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, 2023, the Township's proportion would be 0.04915679760%, which would be an increase of 0.69% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Township would have recognized pension expense of (\$28,920). At December 31, 2023, 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	\$ 68,077	\$ (29,104)
Changes of assumptions	15,641	(431,506)
Changes in proportion	254,343	(204,311)
Net difference between projected and actual earnings on pension plan investments	32,789	
Total	<u>\$ 370,850</u>	<u>\$ (664,921)</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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,		
2024	\$	427,625
2025		(67,357)
2026		(542,040)
2027		(101,365)
2028		(10,934)
Total	\$	<u>(294,071)</u>

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 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-2021.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023, are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease -6.00%	Current Discount Rate -7.00%	1% Increase -8.00%
Township's proportionate share of the net pension liability	\$ 8,585,725	7,120,054.00	5,873,927.64

Pension plan fiduciary net position.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 13: OTHER POST-RETIREMENT BENEFITS - STATE

General Information about the Plan:

The Township offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide post-retirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post-retirement medical coverage for employees and their dependents who:

1) retired on a disability pension;

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2023, were \$3,461,898,890 and \$11,427,677,896, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022, through June 30, 2023. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2023, is as follows:

	June 30, 2023	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 14,889,576,786	14,853,247
Plan Fiduciary Net Position (Deficit)	(116,962,691)	(116,677)
Net OPEB Liability	<u>\$ 15,006,539,477</u>	<u>14,969,924</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.79%

At June 30, 2023, the Township's proportionate share of the Collective Net OPEB Liability was \$14,969,924. The Township's proportion of the Collective Net OPEB Liability was 0.099756% which was an increase from the prior year of 16.48%.

For the year ended June 30, 2023, the Township's Total OPEB Expense was \$2,308,169.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

The total OPEB liability as of June 30, 2023, was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Investment Rate of Return		
Including Inflation rate		3.65%
Salary increases*:		
PERS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	6.55
	5	5.75
	10	4.75
	15	3.75
	20	3.15
	25	2.85
	>=29	2.75
PFRS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	16.25
	5	11.00
	10	6.00
	15	4.00
	>=17	3.25

Mortality:

Pre-Retirement Healthy Mortality:

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

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

Post-Retirement Healthy Mortality

Chapter 330 Retirees: PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disable Retiree Mortality:

PERS Future Disabled Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS Future Disabled Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Chapter 330 Current Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Current Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2022, valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018, to June 30, 2021, and July 1, 2018, to June 30, 2021, respectively.

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

Discount Rate

The discount rate for June 30, 2023 was 3.65%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index each year.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

		1% Decrease (2.65%)	Discount Rate (3.54%)	1% Increase (4.54%)
Collective				
Net OPEB Liability	\$	17,382,356	15,006,539,477	13,095,561,553
Proportionate Share				
Net OPEB Liability	\$	17,340	14,969,924	13,063,609

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

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

		1% Decrease	Healthcare cost Trend Rate	1% Increase
Collective				
Net OPEB Liability	\$	12,753,792,805	15,006,539,477	17,890,743,651
Proportionate Share				
Net OPEB Liability	\$	12,722,674	14,969,924	17,847,091

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 629,024,174	(4,075,285,752)	690,336	(4,065,342)
Changes of assumptions	1,943,909,895	(4,241,868,248)	1,939,167	(4,231,518)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,476,129)		(2,470)
Changes in proportion and differences between contributions and proportionate share of contributions	-		16,657,481	-
Total	\$ 2,572,934,069	(8,319,630,129)	19,286,984	(8,299,330)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Collective Totals	Proportionate Share
2024	\$ (1,702,483,126)	3,291,220
2025	(1,394,440,795)	2,695,716
2026	(754,368,466)	1,458,336
2027	(353,621,247)	683,616
2028	(713,799,887)	1,379,909
Thereafter	(764,982,539)	1,478,855
Total	\$ (5,683,696,060)	10,987,654

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2023 are as follows:

Service cost	\$ 597,135,801
Interest on Total OPEB Liability	581,375,849
Expected Investment Return	3,134,857
Administrative Expenses	12,616,744
Changes of Benefit Terms	23,039,435
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(899,529,226)
Changes in Assumptions	(803,252,884)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	1,590,849
Total Collective OPEB Expense	\$ (483,888,575)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Schedule of Township's Share of Net OPEB Liability

		<u>2023</u>	<u>2022</u>
Township's Proportionate Share of Net OPEB Liability		0.099756%	0.085643%
Township's Share of Net OPEB Liability	\$	14,969,924	13,830,998
Township's Covered Payroll		3,614,431	3,637,159
Township's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll		414.17%	380.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		-0.79%	-0.36%

NOTE 14: POST-RETIREMENT BENEFITS - LOCAL

During 2024, the Township provided post-retirement dental and Medicare Part B coverage to twenty-eight (28) retired employees. Starting in October 2021, major medical benefits are being provided to retirees under the State Health Benefit Program. 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.

A retiree must retire with at least 25 years of service, and 25 years in the pension system. Spousal benefits upon retiree's death are discontinued. The Township will contribute 100% the dental premium for retirees and eligible dependents.

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 91 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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, 2023, 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 4.31%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 20 years.

Other Post-employment Benefit Costs and Obligations

In the January 1, 2024, actuarial valuation, the Actuarially Determined Contribution for the year ending December 31, 2024, were projected as follows:

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u> **
Service Cost	\$ 115,679.00	97,337.00	158,795.00
20 Year Amortization of NOL	313,784.00	284,358.00	408,701.00
Actuarily Determined Contribution	<u>429,463.00</u>	<u>381,695.00</u>	<u>567,496.00</u>
Actual Contribution	46,283.00	57,214.00	48,357.00
Excess Contribution	\$ <u>(383,180.00)</u>	<u>(324,481.00)</u>	<u>(519,139.00)</u>
Covered Payroll	\$ 4,474,139.00	4,101,151.00	4,073,651.00
Actuarily Determined Contribution as a % of Covered Payroll	9.60%	9.31%	13.93%

** Benefit changes - Medical and Rx moved to NJ-SHBP at the end of 2021

	<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
Actuarily Determined Contribution	<u>5,080,179.00</u>	<u>4,010,757.00</u>	<u>3,639,393.00</u>	<u>3,498,938.00</u>
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
Actuarily Determined Contribution as a % of Covered Payroll	141.27%	104.06%	97.74%	101.93%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

The following reflects the change in the Total OPEB Liability as of the January 1, 2024, valuation date for the year ended December 31, 2024.

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u> **
OPEB Liability, Beginning of Year	\$ 4,264,416.00	3,760,575.00	6,524,385.00
Changes for the Year:			
Service Cost	115,679.00	97,337.00	158,795.00
Interest	169,651.00	160,848.00	146,255.00
Changes of benefit terms	-	-	-
Assumption Changes & Difference			
Between Actual & Expected Experience	(164,925.00)	9,647.00	(994,853.00)
Change in Assumptions	(381,296.00)	293,223.00	(2,025,649.00)
Benefit Payments	(46,283.00)	(57,214.00)	(48,358.00)
OPEB Liability, End of Year	\$ <u>3,957,242.00</u>	<u>4,264,416.00</u>	<u>3,760,575.00</u>
Covered payroll (for Covered Participants)	\$ 4,474,139.00	4,101,151.00	4,073,651.00
Total OPEB liability as a percentage of covered payroll	88.45%	103.98%	92.31%

** Benefit changes - Medical and Rx moved to NJ-SHBP at the end of 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
Changes 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%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

The January 1, 2024 valuation was prepared using a discount rate of 4.28%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$3,300,574.00 or by 5.28%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$4,801,934.00 or by 3.28%.

Discount Rate			
	1% Decrease	Baseline 4.28%	1% Increase
Total OPEB Liability	\$ 4,801,934	\$ 3,957,242	\$ 3,300,574

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

The January 1, 2024, valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% higher than what was used in this valuation, the total OPEB liability would increase to \$4,859,486.00 or by 8.00%. If the trend rate were 1% lower than was used in this valuation, the total OPEB liability would decrease to \$3,267,453.00 or by 6.00%.

Healthcare Cost Trend Rates			
	1% Decrease	Baseline 7.00%	1% Increase
Total OPEB Liability	\$ 3,267,453	\$ 3,957,242	\$ 4,859,486

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

For the year ended December 31, 2024, the Township's Actuarially determined OPEB expense was \$3,957,242.00. At December 31, 2023, 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, 2024 OPEB Liability due to Actuarial		
Differences between expected & actual experience	\$ 6,891.00	\$ 1,186,989.00
Changes of assumptions	209,445.00	2,026,298.00
Total	\$ 216,336.00	\$ 3,213,287.00

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,	
2025	\$ (1,485,361)
2026	(466,265)
2027	(466,265)
2028	(466,267)
2029	(34,764)
2030	(78,029)
	\$ (2,996,951)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 15: 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 maximum of \$15,000.00. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$725,559.18 in 2024 and \$407,034.25 in 2023. 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 16: 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 and Municipal Relief Fund Aid. For 2024, the Township realized \$7,073,878.08, which represents approximately 34% 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 17: 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, 2024 and 2023 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
2024	\$ 35,633.96	2,949.56	73,293.98	147,341.22
2023	30,321.80	2,889.62	24,054.64	182,051.68
2022	40,807.60	817.32	27,121.56	172,894.90

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 18: 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 19: 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 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2024, 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	\$	4,019,309.71
Grant Fund		15,754.11
Trust Other	2,767.05	
Animal Control Fund		379.66
Grant Fund:		
Current Fund	15,754.11	
Trust Fund:		
Current - Tax Title Lien		2,767.05
Current - Animal Control	379.66	
General Capital Fund:		
Current Fund	4,019,309.71	
	\$ 4,038,210.53	4,038,210.53

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, 2024 AND 2023

NOTE 21: LEASE OBLIGATIONS

Operating Leases

In January 2022, the Township entered into an agreement to lease a postage machine for Township Hall under an operating lease. The term of the lease is 63 months, and it will expire in April 2027. The total monthly payment for the lease is \$165.00. The Township has the option to purchase the equipment at the termination of the lease for the fair market value.

The total operating lease payments in 2024 and 2023 were \$3,595.92 and \$4,403.88 respectively.

The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2024.

Year	Operating
2025	\$ 1,980.00
2026	1,980.00
2027	660.00
Total minimum lease payments	4,620.00
Less amount representing interest	-
Present value of minimum lease payments	\$ 4,620.00

NOTE 22: SUBSEQUENT EVENTS

The Township has reviewed and evaluated all events and transactions that occurred between December 31, 2024, through April 30, 2025, the date that the financial statements were issued for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated April 30, 2025, 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

April 30, 2025



INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE & NJ OMB 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal Program

We have audited the Township of Upper's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and NJ OMB 15-08 that could have a direct and material effect on each of Upper Township's major federal and state programs for the year ended December 31, 2024. The Township of Upper's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township of Upper complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08. Our responsibilities under those standards, OMB Circular Uniform Guidance and NJ OMB 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of this report.

We are required to be independent of Township of Upper and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Upper Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its Federal and State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township of Upper's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and NJ OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Township of Upper's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Township of Upper's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Township of Upper's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of Township of Upper's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
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CERTIFIED PUBLIC ACCOUNTANTS

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

April 30, 2025

**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Federal or State Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Period		Program or Award Amount	Receipts or Revenue Recognized	Budgetary Expenditures			(MEMO) Passed Through to Sub-Recipients
		From	To			Pass Through	Source	Total	
FEDERAL:									
U.S. Department of Treasury:									
Passed thru New Jersey Department of Community Affairs:									
Coronavirus State and Local									
Fiscal Recovery Funds	21.027	3/3/2021	12/31/2026	1,247,335.17 \$	21,539.26	149,044.42		149,044.42	-
Passed thru New Jersey Department of Community Affairs:									
American Rescue Plan Firefighter Grant	21.027	5/16/2024	6/30/2025	63,000.00	-	63,000.00		63,000.00	-
Passed thru Cape May County:									
American Rescue Plan Act - Infrastructure Grant	21.027	5/9/2023	6/30/2026	400,000.00	-	400,000.00		400,000.00	-
Total U.S. Department of Treasury					21,539.26	612,044.42		612,044.42	-
U.S. Department of Agriculture:									
Predevelopment Planning Grant	10.760	8/26/2024	12/31/2024	60,000.00	-		60,000.00	60,000.00	-
Total U.S. Department of Agriculture					-	-	60,000.00	60,000.00	-
U.S. Department of Homeland Security									
Passed thru New Jersey Department of Law and Public Safety:									
Assistance to Firefighters Grant	97.077	8/13/2024	8/12/2026	693,506.42	-	727,903.50		727,903.50	-
Total U.S. Department of Homeland Security					-	727,903.50	-	727,903.50	-
Total Federal Assistance					\$ 21,539.26	1,339,947.92	60,000.00	1,399,947.92	-

See Accompanying Notes to Schedule of Federal Awards

**NOTES TO SCHEDULE EXPENDITURES OF
FEDERAL AWARDS FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2024**

Note 1: General

The accompanying schedule of federal awards includes the federal grant activity of the Township of Upper, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs. The Township has elected not to use the 10% de minimis indirect cost rate.

Note 2: Relationship to General Purpose Financial Statements

Amounts reported in the accompanying schedule do not agree with amounts reported in the Township's financial statements. Receipts from Federal grants are realized as revenue when anticipated in the Township's budget. Expenditures are recognized when they become payable. Following is a reconciliation of expenditures:

Expenditures - Schedule of Federal Awards	\$	1,399,947.92
Local Grant Match		6,300.00
State Grants		86,603.40
Other Grants		66,068.43
Expenditures reported on Schedule A-12	\$	<u>1,558,919.75</u>

**TOWNSHIP OF UPPER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

Part I -- Summary of Auditor's Results

Financial Statement Section

A) Type of auditor's report issued:	<u>Adverse - GAAP Basis, Unmodified Regulatory Basis</u>			
B) Internal control over financial reporting:				
1) Material weakness(es) identified?	_____	yes	<u> X </u>	no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____	yes	<u> X </u>	no
C) Noncompliance material to general-purpose financial statements noted?	_____	yes	<u> X </u>	no

Federal Awards Section

D) Dollar threshold used to determine Type A programs:	<u>\$ 750,000.00</u>				
E) Auditee qualified as low-risk auditee?	_____	yes	<u> X </u>	no	_____ n/a
F) Type of auditor's report on compliance for major programs	<u>Unmodified</u>				
G) Internal Control over compliance:					
1) Material weakness(es) identified?	_____	yes	<u> X </u>	no	
2) Were significant deficiencies identified that were not considered to be material weaknesses?	_____	yes	<u> X </u>	no	
H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	_____	yes	<u> X </u>	no	
I) Identification of major programs:					

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.044	Assistance to Firefighters Grant
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**TOWNSHIP OF UPPER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

Part I -- Summary of Auditor's Results

State Awards Section -

Not Applicable

- J) Dollar threshold used to determine Type A programs: _____
- K) Auditee qualified as low-risk auditee? _____ yes _____ no _____ n/a
- L) Type of auditor's report on compliance for major programs _____
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes _____ no
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? _____ yes _____ no
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? _____ yes _____ no
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Part 2 - Schedule of Financial Statement Findings

None

Part 3 - Schedule of Federal Award Findings and Questioned Costs

None

STATUS OF PRIOR YEAR FINDINGS

Finding 2023-1:

Recommendation:

That no contract be awarded, or purchase order be approved unless there is sufficient funding in the proper budget line.

Current Status:

This recommendation was corrected in 2024.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2023	\$	15,748,266.29
Increased by Receipts:		
Tax Collector	44,123,175.75	
Revenue Accounts Receivable	8,890,838.09	
Miscellaneous Revenue	291,922.09	
Due from State - Veterans and Senior Citizens	90,585.62	
Accrued Payroll Taxes	6,450,148.99	
Marriage & Civil Union License Fees Due to State	1,725.00	
Hunting and Fishing License Fees Due to State	4,696.75	
Dog License Fees Due to State	1,114.80	
DCA Training Fees Due to State	21,767.00	
Due from General Capital	8,160,252.20	
Due from Federal and State Grant Fund	156,169.06	
Due from Other Trusts	2,434.20	
Due from Animal Control	4,831.69	
Reserve National Opioid Settlements	18,339.06	
Reserve for Capital Projects	19,065.00	
Petty Cash and Change Funds	100.00	
		<u>68,237,165.30</u>
		83,985,431.59
Decreased by Disbursements:		
Current Year Appropriation	13,999,086.66	
Prior Year Appropriations	460,323.96	
County Taxes	6,396,688.85	
Local District School Taxes	28,652,187.00	
Special District Taxes	2,040,081.09	
Refund of Tax Overpayments	30,249.35	
Payroll Taxes and Deductions	6,432,437.93	
Due State For Marriage Licenses & Civil Unions	1,800.00	
Due State for Hunting and Fishing Licenses	4,362.25	
Due to State for Dog Licenses	1,117.80	
Due State for DCA Training Fees	20,869.00	
Due to General Capital	5,199,998.47	
Due to Animal Control	2,645.70	
Due to Federal and State Grant Fund	458,578.18	
Reserve for Capital Projects	600.00	
		<u>63,701,026.24</u>
Balance December 31, 2024	\$	<u><u>20,284,405.35</u></u>

See Accompanying Auditor's Report

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

Balance December 31, 2023		\$	105,738.61
Increased by:			
Transfers from Taxes Receivable	48,870.72		
6% Penalty	1,263.31		
Interest and Costs Accrued by Sale November 19, 2024	4,539.14		
			<u>54,673.17</u>
			160,411.78
Decreased by:			
Collections	2,047.91		
Foreclosures	696.72		
			<u>2,744.63</u>
Balance December 31, 2024		\$	<u><u>157,667.15</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2023	Accrued in 2024	Collected by		Balance Dec. 31, 2024
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	-	5,300.00		5,300.00	-
Fines and Costs:					
Municipal Court	1,444.08	53,236.13			3,651.21
Interest and Costs on Taxes	-	103,039.16	103,039.16		-
Interest Earned on Investments	-	674,405.16		674,405.16	-
Energy Receipts Tax	-	6,265,312.00		6,265,312.00	-
Garden State Preservation Trust Fund	-	162,760.00		162,760.00	-
Municipal Relief Fund	-	645,806.08		645,806.08	-
EMS Ambulance Fees	-	460,230.52		460,230.52	-
Host Community Benefits	-	530,721.53		530,721.53	-
Cable TV Fees	-	67,174.90		67,174.90	-
Cell Tower Fees	-	141,091.35		141,091.35	-
Dennis Twp & Corbin City - Municipal Court	-	179,868.08		179,868.08	-
Uniform Construction Code Fees	-	355,712.60		355,712.60	-
Reserve for Debt Service	-	165,005.30		165,005.30	-
Miscellaneous Revenue Not Anticipated	-	298,131.78	5,457.65	292,674.13	-
	<u>1,444.08</u>	<u>10,107,794.59</u>	<u>108,496.81</u>	<u>9,997,090.65</u>	<u>3,651.21</u>

\$

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2023	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee	\$				-
Other Expenses	4,043.43	4,043.43	560.64	3,482.79	-
Township Clerk					-
Other Expenses	23,477.67	23,477.67	22,918.84	558.83	-
Financial Administration					-
Other Expenses					-
Computer Services	24,297.10	24,297.10	15,744.44	8,552.66	-
Miscellaneous Other Expenses	7,585.53	7,585.53	3,582.60	4,002.93	-
General Administration					-
Other Expenses	20,820.09	20,820.09	8,811.09	12,009.00	-
Assessment of Taxes					-
Other Expenses	10,677.91	10,677.91	465.39	10,212.52	-
Legal Services					-
Other Expenses	58,623.17	58,623.17	3,250.00	55,373.17	-
Special Litigation					-
Other Expenses	73,550.92	73,550.92	14,027.75	59,523.17	-
Engineering Services					-
Other Expenses	85,129.71	85,129.71	24,643.25	60,486.46	-
INSURANCE					-
Employee Group Health	341,634.70	341,634.70	55,286.92	286,347.78	-
LAND USE ADMINISTRATION					-
Planning Board					-
Other Expenses	4,887.53	4,887.53	2,748.21	2,139.32	-
Zoning Board of Adjustment					-
Other Expenses	3,793.39	3,793.39	1,356.68	2,436.71	-
PUBLIC SAFETY					-
First Aid Organization					-
Salaries & Wages	42,920.26	31,920.26	-	31,920.26	-
Other Expenses	51,268.87	51,268.87	37,833.84	13,435.03	-
Emergency Management Services					-
Other Expenses	22,536.26	22,536.26	20,647.66	1,888.60	-
Municipal Court					-
Other Expenses	28,321.46	28,321.46	3,176.59	25,144.87	-

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2023	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
PUBLIC WORKS					
Road Repairs and Maintenance					-
Salaries & Wages	68,172.14	57,172.14		57,172.14	-
Other Expenses					-
Surfacing of Roads	2,780.74	2,780.74	75.00	2,705.74	-
Miscellaneous Other Expenses	84,641.90	84,641.90	81,185.08	3,456.82	-
Recycling					-
Other Expenses	54,848.74	54,848.74	22,336.83	32,511.91	-
Garbage and Trash					-
Other Expenses					-
Tipping Fees	72,359.55	72,359.55	36,095.69	36,263.86	-
Miscellaneous Other Expenses	53,905.50	53,905.50	26,311.52	27,593.98	-
Public Buildings and Grounds					-
Other Expenses	66,260.14	86,260.14	28,233.81	58,026.33	-
HEALTH AND WELFARE					
Dog Regulation					-
Other Expenses	3,018.83	3,018.83	2,250.00	768.83	-
PARK AND RECREATION					
Emergency Shore Protection					-
Other Expenses	44,624.59	44,624.59	25,209.97	19,414.62	-
Beach Protection					-
Other Expenses	2,219.17	2,219.17	812.13	1,407.04	-
Community Center					-
Other Expenses	9,126.47	9,126.47	1,392.21	7,734.26	-
Affordable Housing					-
Other Expenses	474.00	474.00	37.50	436.50	-
Sports and Recreation					-
Other Expenses	16,652.91	18,652.91	15,807.27	2,845.64	-
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					-
Construction Official					-
Other Expenses	7,765.04	7,765.04	5,386.12	2,378.92	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures:					-
Contributions to:					-
Social Security System (O.A.S.I.)	22,550.11	22,550.11	136.93	22,413.18	-
All Other Accounts - No Change	407,475.73	407,475.73		407,475.73	-
\$	1,720,443.56	1,720,443.56	460,323.96	1,260,119.60	-

See Accompanying Auditor's Report

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

Balance December 31, 2023		
School Tax Payable	\$ 6,475,090.00	
School Tax Deferred	<u>7,300,000.00</u>	
		\$ 13,775,090.00
Increased by:		
Levy - School Year July 1, 2024 to June 30, 2025		<u>29,754,193.00</u>
		43,529,283.00
Decreased by:		
Payments		<u>28,652,187.00</u>
Balance December 31, 2024		
School Tax Payable	7,577,096.00	
School Tax Deferred	<u>7,300,000.00</u>	
		<u>14,877,096.00</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		28,652,187.00
Tax Payable Ending		<u>7,577,096.00</u>
		36,229,283.00
Less: Tax Payable Beginning		<u>6,475,090.00</u>
Amount charged to Current Year Operations		<u>\$ 29,754,193.00</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2023</u>	<u>Transferred From 2024 Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2024</u>
FEDERAL GRANTS:					
CMC American Rescue Plan Act Infrastructure Grant Program	\$ 400,000.00				400,000.00
SLFRF Premium Pay EMS	33,581.00			33,581.00	-
US Department of Treasury Coronavirus State and Local Fiscal Recovery	-	21,539.26	21,539.26		4,237.99
US Department of Treasury Coronavirus State and Local Fiscal Recovery	-	4,237.99			60,000.00
US Department of Agriculture Predevelopment Planning Grant	-	60,000.00			69,300.00
American Rescue Plan Firefighter 2024 - NJ DCA	-	69,300.00			726,794.74
Assistance to Firefighters Grant Program	-	728,181.75	1,387.01		
Total Federal	433,581.00	883,259.00	22,926.27	33,581.00	1,260,332.73
STATE GRANTS:					
Clean Communities	296.53				296.53
Clean Communities-2024	-	47,095.96	47,095.96		-
2019 Municipal Aid - NJ DOT	37,500.00				37,500.00
NJ Transportation Trust Fund Authority Act-Bayview Ph 4	50,700.25				50,700.25
NJ Transportation Trust Fund Authority Act	40,000.00				40,000.00
Youth Leadership Grant Program	3,634.26				3,634.26
Spotted Lanternfly Grant Program	15,000.00				15,000.00
NJ Transportation Trust Fund Authority Act	-	264,364.00			264,364.00
Stormwater Assistance Grant	-	15,000.00	15,000.00		-
Local Aid Infrastructure Fund Program - NJDOT	-	1,000,000.00			1,000,000.00
Safe Routes to Schools Program- NJDOT	-	925,000.00			925,000.00
2024 Local Recreational Improvement Grant - NJ DCA	-	68,500.00			68,500.00
Division on Mental Health & Addiction Services Youth Leadership	-	3,634.26			3,634.26
Total State	147,131.04	2,323,594.22	62,095.96	-	2,408,629.30
LOCAL GRANTS:					
Municipal Alliance	74,764.68				74,764.68
Municipal Alliance-2021	5,462.41				5,462.41
Municipal Alliance-2022	3,023.57				3,023.57
Municipal Alliance-2023	595.85				595.85
Municipal Alliance-2024	-	18,894.00	18,511.83		382.17
Cape May County Historic Preservation Trust Grant Program	29,500.00		26,785.00		2,715.00
Estate of Rita McIlhenny-Lifeguard Boat	-	15,850.00	15,850.00		-
Total Local	113,346.51	34,744.00	61,146.83	-	86,943.68
	694,058.55	3,241,597.22	146,169.06	33,581.00	3,755,905.71
	\$				

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2023	2024				Balance
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	Cancelled	Dec. 31, 2024
FEDERAL GRANTS:						
American Rescue Plan:						
Stormwater Pump Project #1		121,319.34		121,319.34		-
Sewer Study- Marmora	4,238.00				4,238.00	-
OMC American Rescue Plan Act Infrastructure Grant	400,000.00			17,186.09	382,813.91	-
SLFRF Premium Pay EMS	33,581.00				33,581.00	-
US Department of Treasury Coronavirus State and Local Fiscal Recovery	-		4,237.99	4,237.99		-
US Department of Treasury Coronavirus State and Local Fiscal Recovery	-		144,806.43	144,806.43		-
US Department of Agriculture Predevelopment Planning Grant	-		60,000.00	21,638.50		-
American Rescue Plan Firefighter 2024 - NJ DCA	-		69,300.00		38,361.50	-
Assistance to Firefighters Grant Program	-		728,181.75		69,300.00	-
					727,903.50	278.25
Total Federal	437,819.00	121,319.34	1,006,526.17	309,188.35	37,819.00	278.25
STATE GRANTS:						
Clean Communities	46,492.38					46,492.38
Clean Communities-2021	13,792.92					13,792.92
Clean Communities-2022	162.91					162.91
Clean Communities-2023	13,510.37	2,498.00		7,776.37		8,232.00
Clean Communities-2024	-		47,095.96	8,720.00	5,780.00	32,595.96
Drunk Driving Enforcement	125.68					125.68
NJ Office of Emergency Management	39,400.00					39,400.00
NJ Office of Emergency Management	15,000.00					15,000.00
NJ Office of Emergency Management - 2016	7,000.00					7,000.00
NJ Office of Emergency Management - 2017	20,000.00					20,000.00
NJ Office of Emergency Management - 2024	-		10,000.00			10,000.00
NJ Transportation Trust Fund Authority Act	-		264,364.00			264,364.00
Stormwater Assistance Program	-		15,000.00			15,000.00
Youth Leadership Grant Program	3,634.26					3,634.26
Lead Grant Assistance Program	7,200.00					2,024.97
Spotted Lanternfly Grant Program	15,000.00			5,175.03		15,000.00
Local Aid Infrastructure Fund Program - NJDOT	-		1,000,000.00			1,000,000.00
Safe Routes to Schools Program- NJDOT	-		925,000.00			925,000.00
2024 Local Recreational Improvement Grant - NJ DCA	-		68,500.00	61,650.00		6,850.00
Division on Mental Health & Addiction Services Youth Leadership	-		3,634.26			3,634.26
Total State	181,318.52	2,498.00	2,333,594.22	83,321.40	-	2,428,309.34
LOCAL GRANTS:						
Municipal Alliance	58,518.06					58,518.06
Municipal Alliance 2021-2022	3,593.52					3,593.52
Municipal Alliance 2022-2023	1,388.46					1,388.46
Municipal Alliance 2023-2024	21,392.55			21,208.48		184.07
Municipal Alliance 2024-2025	-		23,617.50	2,224.95		21,392.55
CM Open Space - Harbor Road Bike/Pedestrian Gateway	21,121.66			26,785.00		21,121.66
Cape May County Historic Preservation Trust Grant Program	29,500.00			15,850.00		2,715.00
Estate of Rita McHenry-Lifeguard Boat	-		15,850.00			-
Total Local	135,514.25	-	39,467.50	66,068.43	-	108,913.32
	754,651.77	123,817.34	3,379,587.89	458,578.18	37,819.00	2,537,500.91

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance</u>		<u>Transferred</u>		<u>Received</u>		<u>Balance</u>
	<u>Dec. 31, 2023</u>		<u>To 2024</u>	<u>Appropriations</u>			<u>Dec. 31, 2024</u>
FEDERAL GRANTS:							
American Rescue Plan	\$ 123,267.17		123,267.17				(0.00)
Total Federal	<u>123,267.17</u>		<u>123,267.17</u>		<u>-</u>		<u>(0.00)</u>
STATE GRANTS:							
Emergency Management	10,000.00		10,000.00		10,000.00		10,000.00
Total State	<u>10,000.00</u>		<u>10,000.00</u>		<u>10,000.00</u>		<u>10,000.00</u>
\$	<u>133,267.17</u>		<u>133,267.17</u>		<u>10,000.00</u>		<u>10,000.00</u>

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2023		\$	6,776.63
Increased By Receipts:			
Dog License Fees	2,645.70		
Interest Earned	139.19		
			<u>2,784.89</u>
			9,561.52
Decreased By Disbursements:			
Paid to Current Fund - Interest Earned	139.19		
Due to Current Fund - Statutory Excess	2,199.99		
Animal Control Expenditures	1,500.00		
			<u>3,839.18</u>
Balance December 31, 2024		\$	<u><u>5,722.34</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2023		\$ 3,580,858.70
Increased By Receipts:		
Recycling	32,604.57	
UT Cafeteria Fund	300.00	
Developers Escrow	5,415.20	
Sick Pay Reserve	44,737.69	
Affordable Housing Trust	406,177.85	
Client Funds Escrow Deposits	125.16	
Landfill Closure	1,572.05	
Planning Board Escrow Review Fees	89,434.30	
Municipal Alliance	219.08	
Unemployment Compensation	38,583.52	
Tax Sale Premiums	122,200.00	
TTL Redemptions	132,535.67	
Recreation	3,320.00	
Parking Offenses Adjudication Act	4.00	
Health Reimbursement Trust	87,944.68	
Interest Earned on Deposits - Due to Current Fund	14,047.96	
	<hr/>	979,221.73
		4,560,080.43
Decreased By Disbursements:		
Sick Pay Reserve	41,706.04	
UT Cafeteria Fund	300.00	
Client Funds Escrow Deposits	142,043.37	
Recreation	700.00	
Planning Board Escrow	57,776.00	
Recycling	19,491.51	
Developers Escrow	62,247.20	
Affordable Housing Trust	41,892.19	
Unemployment Compensation	73,293.98	
Refunds - Tax Sale Certificates	96,233.54	
Tax Sale Premiums	97,000.00	
Health Reimbursement Trust	87,944.68	
Payments to Current Fund - Revenues	13,715.11	
	<hr/>	734,343.62
Balance December 31, 2024		\$ <u><u>3,825,736.81</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2023		\$ 5,722.34
Increased By:		
Dog Licenses Fees	1,999.20	
Interest on Deposits	139.19	
Duplicate & Late Fees Collected	632.50	
	<hr/>	<hr/>
		2,770.89
		8,493.23
Decreased By Disbursements:		
Animal Control Expenditures	1,500.00	
Due to Current - Statutory Excess	752.04	
Interest Paid to Current Fund	139.19	
	<hr/>	<hr/>
		2,391.23
Balance December 31, 2024		\$ <u><u>6,102.00</u></u>

License and Other Fees Collected	<u>Year</u>	
	2022	2,859.90
	2023	3,242.10
		<hr/>
	\$	<u><u>6,102.00</u></u>

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

Balance December 31, 2023		\$ 1,054.29
Increased By:		
Dog License Fees Collected In Current Fund	2,631.70	
Interest Paid to Current Fund	139.19	
Due to Current Fund - Statutory Excess	2,199.99	
	<hr/>	<hr/>
		4,970.88
		6,025.17
Decreased By:		
Dog License Fees Received from Current Fund	2,645.70	
Interest Earned	139.19	
Due from Current Fund - Statutory Excess	752.04	
	<hr/>	<hr/>
		3,536.93
Balance December 31, 2024		\$ <u><u>(379.66)</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2023	Receipts		Disbursements		Transfers		Balance Dec. 31, 2024
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
\$								
Fund Balance	80,000.00							80,000.00
Capital Improvement Fund	227,103.45					185,000.00	150,000.00	192,103.45
Encumbrances Payable	434,564.76					434,564.76	1,328,076.85	1,328,076.85
Due from Current Fund	(564,286.28)				2,960,253.73	659,775.00	165,005.30	(4,019,309.71)
Reserve to Pay Debt Service-2019 Bond Sale	54,358.80					54,358.80		-
Reserve for PW Equipment	50,000.00						40,000.00	50,000.00
Reserve for Beach Replenishment	625,000.00							665,000.00
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	110,646.50	160,252.20				110,646.50		160,252.20
Reserve for Construction of Recreation Facilities	9,004.24							9,004.24
Reserve for Asbestos Abatement	86,700.00							86,700.00
Improvement Authorizations:								
1-00 Rescue Squad Improvements	2,511.45							2,511.45
7-00 Community Center	2,179.00							2,179.00
14-06 Imp to Recreation Fields	1,728.75							1,728.75
12-07 Purchase of Ambulance	3,810.23							3,810.23
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						160,000.00	4,090.26
19-11 Beach Replenishment	(160,000.00)							-
15-12 Sand Fence Replacement	122,175.00			1,344.00		130,009.50		122,175.00
5-13 Multi-Purpose Equipment/Paving	195,443.31							64,089.81
10-13 Street Signs	1,696.50							1,696.50
08-16 Various Improvements	100,742.69			528.00				100,214.69
12-18 Various Improvements	(235,340.02)			528.00				64,131.98
20-19 Various Improvements	264,645.35			17,196.18		2,141.49		247,449.17
10-20 Various Improvements	79,321.58			173,615.94		11,500.00		62,125.40
09-22 Various Improvements	230,630.04			(21,000.00)				251,630.04
02-23 Various Improvements & Equipment	(1,993,619.66)		3,310,000.00	1,477,040.47		68,461.95	274,278.51	45,156.43
12-24 Various Improvements & Equipment	-		2,340,000.00	1,200,745.88		1,115,963.91	185,000.00	208,290.21
\$	(0.00)	160,252.20	5,650,000.00	2,849,998.47	2,960,253.73	2,772,421.91	2,772,421.91	-

See Accompanying Auditor's Report

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

Balance December 31, 2023		\$	227,103.45
Increased by:			
Current Fund Budget Appropriations	150,000.00		
	<hr/>		<hr/>
			150,000.00
			377,103.45
Decreased by:			
Improvement Authorizations Funded	185,000.00		
	<hr/>		<hr/>
			185,000.00
Balance December 31, 2024		\$	<u>192,103.45</u>

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

Balance December 31, 2023		\$	5,560,000.00
Increased by:			
Serial Bond Issued	7,840,000.00		
	<hr/>		<hr/>
			7,840,000.00
			13,400,000.00
Decreased by:			
Serial Bonds Paid	800,000.00		
	<hr/>		<hr/>
			800,000.00
Balance December 31, 2024		\$	<u><u>12,600,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2023	2024 Authorizations	Debt Issued	Raised in Budget	Balance Dec. 31, 2024	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
19-11	Beach Replenishment	\$ 160,000.00			160,000.00	-			-
12-18	Various Improvements	300,000.00			300,000.00	-			-
20-19	Various Improvements	1,500,000.00		1,175,000.00	325,000.00	-			-
10-20	Various Improvements	1,500,000.00		1,175,000.00	325,000.00	-			-
02-23	Various Improvements & Equipment	3,319,775.00		3,310,000.00	9,775.00	-			-
12-24	Various Improvements & Equipment	-	3,515,000.00	2,340,000.00		1,175,000.00			1,175,000.00
		<u>\$ 6,779,775.00</u>	<u>3,515,000.00</u>	<u>8,000,000.00</u>	<u>1,119,775.00</u>	<u>1,175,000.00</u>	<u>-</u>	<u>-</u>	<u>1,175,000.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				
				Balance December 31, 2023		Paid or Charged	Balance December 31, 2024	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	
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	
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	195,443.31		131,353.50	64,089.81	
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	100,742.69		528.00	100,214.69	
12-18	Various Improvements	9/24/2018	3,238,500	-	64,659.98	528.00	64,131.98	
20-19	Various Improvements	12/9/2019	2,000,000		264,645.35	17,196.18	247,449.17	
10-20	Various Improvements	11/9/2020	2,000,000		79,321.58	17,196.18	62,125.40	
09-22	Various Improvements	5/9/2022	900,000		230,630.04	(21,000.00)	251,630.04	
02-23	Various Improvements & Equipment	3/13/2023	3,494,500		1,326,155.34	1,280,998.91	45,156.43	
12-24	Various Improvements & Equipment	7/8/2024	3,700,000		-	2,316,709.79	208,290.21	1,175,000.00
				\$ 495,224.39	1,965,412.29	3,743,510.56	1,242,126.12	1,175,000.00

See Accompanying Auditor's Report

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2024		Interest Rate	Balance Dec. 31, 2023	Increased	Decreased	Balance Dec. 31, 2024
			Date	Amount					
General Improvement Bonds, Series 2019	12/18/2019	\$ 8,000,000	11/15/2025	840,000.00	3.000%	\$ 5,560,000.00			
			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%			800,000.00	4,760,000.00
General Improvement Bonds, Series 2024	8/13/2024	7,840,000	8/1/2025	510,000.00	4.000%	-	7,840,000.00		7,840,000.00
			8/1/2026	550,000.00	4.000%				
			8/1/2027	625,000.00	4.000%				
			8/1/2028	705,000.00	4.000%				
			8/1/2029	785,000.00	4.000%				
			8/1/2030	820,000.00	4.000%				
			8/1/2031	900,000.00	4.000%				
			8/1/2032	945,000.00	4.000%				
			8/1/2033	980,000.00	4.000%				
			8/1/2034	1,020,000.00	2.000%				
						\$ 5,560,000.00	7,840,000.00	800,000.00	12,600,000.00

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2023	Increased	Decreased	Balance Dec. 31, 2024
Various Improvements	20-2019	8/18/2021	8/15/2023	8/14/2024	4.250%	\$ 1,500,000.00		1,500,000.00	-
Various Improvements	10-2020	8/18/2021	8/15/2023	8/14/2024	4.250%	1,500,000.00		1,500,000.00	-
						<u>\$ 3,000,000.00</u>	<u>-</u>	<u>3,000,000.00</u>	<u>-</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2023	2024 Authorizations	Budget Appropriation	Debt Issued	Balance Dec. 31, 2024
19-11	Beach Replenishment	\$ 160,000.00		160,000.00		-
12-18	Various Improvements	300,000.00		300,000.00		-
02-23	Various Improvements & Equipment	3,319,775.00		9,775.00	3,310,000.00	-
12-24	Various Improvements & Equipment	-	3,515,000.00		2,340,000.00	1,175,000.00
		<u>\$ 3,779,775.00</u>	<u>3,515,000.00</u>	<u>469,775.00</u>	<u>5,650,000.00</u>	<u>1,175,000.00</u>

TOWNSHIP OF UPPER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2024

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:

Towing, Storage, and Lockout Services
Self-Contained Breathing Apparatus (SCBA) Compressor
Athletic Court – Fencing Improvements Project

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 2024.

This Resolution shall take effect January 1, 2024.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held on November 19, 2024, 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>
2024	85
2023	86
2022	79

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 2024 and 2025 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>
2024 \$	44,119,526.39	43,570,083.29	98.75%
2023	41,727,236.17	41,243,325.64	98.84%
2022	40,063,710.13	39,568,180.22	98.76%
2021	38,383,623.56	37,864,632.38	98.65%
2020	36,707,796.75	36,228,777.22	98.70%

Comparative Schedule of Tax Rate Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	\$ 2.186	2.075	2.005	1.931	1.856
Apportionment of Tax Rate:					
Municipal	0.294	0.280	0.252	0.219	0.201
County	0.334	0.344	0.325	0.302	0.288
Local School	1.558	1.451	1.428	1.410	1.367
Assessed Valuation	1,909,184,100	1,899,628,000	1,892,524,400	1,878,392,400	1,870,526,600

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.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2024 \$	157,667.15	524,810.27	682,477.42	1.55%
2023	105,738.61	440,118.82	545,857.43	1.31%
2022	85,824.39	432,837.85	518,662.24	1.29%
2021	82,987.57	484,103.64	567,091.21	1.48%
2020	338,292.45	431,376.26	769,668.71	2.10%

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.

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

April 30, 2025