

**TOWNSHIP OF UPPER PITTSBORO**

**SALEM COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**



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**TOWNSHIP OF UPPER PITTSBORO**  
**PART I**  
**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2022**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of Township Committee  
Township of Upper Pittsgrove  
County of Salem, 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 Pittsgrove, as of December 31, 2022, the related statement of operations and changes in fund balance - regulatory basis for the year 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, 2022 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 Pittsgrove as of December 31, 2022, or changes in financial position for the year 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, 2022, the regulatory basis statements of operations for the year then ended and the regulatory basis statement of revenues and expenditures for the year ended December 31, 2022 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.

#### **Prior Period Financial Statements**

The financial statements of the Township of Upper Pittsgrove as of December 31, 2021, were audited by other auditors whose report dated June 8, 2022, expressed an Unmodified Opinion on the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

#### ***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 Pittsgrove 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 Pittsgrove 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 Pittsgrove'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 Pittsgrove'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 Pittsgrove'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 Pittsgrove's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2023, on our consideration of the Township of Upper Pittsgrove'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 Pittsgrove's internal control over financial reporting and compliance.

***Ford, Scott & Associates, L.L.C.***

**FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

***Michael S. Garcia***

**Michael S. Garica  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472**

**April 13, 2023**

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**EXHIBIT A - CURRENT FUND**

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

	2022	2021
<u>ASSETS</u>		
Regular Fund:		
Cash Treasurer	\$ 3,532,048.11	3,370,157.32
Change Fund	50.00	50.00
Total Cash	3,532,098.11	3,370,207.32
Due from State of New Jersey - Senior Citizens & Veterans Deductions	1,419.72	2,919.72
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	269,239.70	243,984.08
Tax Title and Other Liens	260,024.75	237,873.61
Property Acquired for Taxes - at Assessed Valuation		
Revenue Accounts Receivable	686.58	780.46
Interfund Receivable:		
Animal Control	0.08	8.94
Trust Other	1,180.13	958.16
Total Receivables and Other Assets	531,131.24	483,605.25
Deferred Charges:		
Special Emergency 40A:4-55	62,340.00	93,510.00
Total Deferred Charges	62,340.00	93,510.00
Total Regular Fund	4,126,989.07	3,950,242.29
Federal and State Grant Fund:		
Cash	351,163.00	175,581.50
Due from Current Fund	43,452.01	48,401.26
Federal and State Grants Receivable	74,668.41	74,102.58
Total Federal and State Grant Fund	469,283.42	298,085.34
Total Current Fund	\$ 4,596,272.49	4,248,327.63

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

	2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 250,328.66	243,848.87
Reserve for Encumbrances	40,945.96	68,311.79
Prepaid Taxes	219,514.97	190,931.05
Overpaid Taxes	12,679.38	8,178.16
Local School Tax Payable	1,476,226.00	1,497,561.00
Payroll Taxes Payable	458.67	4,876.51
Reserve for Master Plan	234.65	5,234.65
Reserve for Revaluation	4,226.00	4,226.00
Reserve for Municipal Relief Fund	23,201.14	
Interfund Payable:		
Due Federal & State Grant Fund	43,452.01	48,401.26
Due General Capital Fund	1,105.21	885.23
	2,072,372.65	2,072,454.52
Reserve for Receivables and Other Assets	531,131.24	483,605.25
Fund Balance	1,523,485.18	1,394,182.52
Total Regular Fund	4,126,989.07	3,950,242.29
Federal and State Grant Fund:		
Unappropriated Reserves	-	175,581.50
Appropriated Reserves	469,283.42	122,503.84
Total Federal and State Grant Fund	469,283.42	298,085.34
Total Current Fund	\$ 4,596,272.49	4,248,327.63

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

	2022	2021
Revenue and Other Income Realized		
Fund Balance	\$ 314,567.03	309,287.10
Miscellaneous Revenue Anticipated	928,526.04	592,971.33
Receipts from Delinquent Taxes	245,011.11	299,476.45
Receipts from Current Taxes	9,638,544.90	9,257,575.51
Non Budget Revenue	251,939.86	92,898.17
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	250,515.48	263,427.63
Prior Year Encumbrances Canceled	-	1,112.19
Interfund Returned	3,988.85	
Total Income	11,633,093.27	10,816,748.38
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	430,518.00	420,518.00
Other Expenses	717,258.26	712,133.26
Deferred Charges & Statutory Expenditures	84,426.00	85,566.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	435,472.39	85,783.42
Capital Improvements	200,000.00	200,000.00
Deferred Charges	31,170.00	31,170.00
Local District School Tax	4,826,226.00	4,672,561.00
Farmland Preservation	68,034.00	33,966.00
County Tax	4,334,067.58	4,109,198.80
County Share of Added Tax	8,056.64	14,282.31
Interfund Created	458.48	437.19
Prior Year Deduction Disallowed	1,288.08	1,250.00
Refund of Prior Year's Revenue	52,248.15	21,424.50
Total Expenditures	11,189,223.58	10,388,290.48
Excess in Revenue	443,869.69	428,457.90

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

	2022	2021
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
None	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	443,869.69	428,457.90
Fund Balance January 1	1,394,182.52	1,275,011.72
	1,838,052.21	1,703,469.62
Decreased by:		
Utilization as Anticipated Revenue	314,567.03	309,287.10
Fund Balance December 31	\$ 1,523,485.18	1,394,182.52



**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 314,567.03		314,567.03
Total Fund Balance Anticipated	<u>314,567.03</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Fees and Permits	20,000.00		18,536.00
Fines and Costs:			
Municipal Court	18,000.00		(4,925.44)
Interest and Costs on Taxes	52,000.00		10,714.78
Total Section A: Local Revenues	<u>90,000.00</u>	<u>-</u>	<u>4,325.34</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	444,774.00		444,774.00
Total Section B: State Aid Without Offsetting Appropriations	<u>444,774.00</u>	<u>-</u>	<u>-</u>
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Municipal Alliance on Alcoholism and Drug Abuse	2,148.66		2,148.66
Recycling Tonnage	6,492.73		6,492.73
Clean Communities		15,130.83	15,130.83
Local Fiscal Recovery Funds	351,163.00		351,163.00
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	<u>359,804.39</u>	<u>15,130.83</u>	<u>374,935.22</u>

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, 2022**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Uniform Fire Safety Act	7,400.00		(541.88)
Cable Franchise Fee	7,633.36		-
Total Section G: Other Special Items	<u>15,033.36</u>	<u>-</u>	<u>(541.88)</u>
Total Miscellaneous Revenues:	909,611.75	15,130.83	3,783.46
Receipts from Delinquent Taxes	260,000.00		(14,988.89)
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	686,900.00		2,525.64
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>686,900.00</u>	<u>-</u>	<u>2,525.64</u>
Budget Totals	<u>2,171,078.78</u>	<u>15,130.83</u>	<u>(8,679.79)</u>
Non- Budget Revenues: Other Non- Budget Revenues:			251,939.86
	<u>\$ 2,171,078.78</u>	<u>15,130.83</u>	<u>243,260.07</u>

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, 2022**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	9,638,544.90
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Allocated to:

School, County and Other Taxes	9,236,384.22
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Balance for Support of Municipal Budget Appropriations	402,160.68
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	287,264.96
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Amount for Support of Municipal Budget Appropriations	<u>689,425.64</u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	245,011.11
Tax Title Lien Collections	<u>-</u>

Total Receipts from Delinquent Taxes	<u>245,011.11</u>
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Analysis of Non-Budget Revenue:

Other Miscellaneous:

Interest Earned on Investments	12,878.55
Certificate of Occupancy & 200 ft List	2,065.00
Zoning & Planning	4,871.00
Recycling and White Goods	15,766.81
Elmer Borough Shared Service	29,802.20
Reimbursements	146,175.32
SREC's	5,129.00
Farm Rent	10,996.26
Senior Citizen & Veteran's Administrative Fees	634.24
Repayments	17,362.50
Safety Awards	6,258.98

	<u>251,939.86</u>
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Total Miscellaneous Revenue Not Anticipated:	\$	<u>251,939.86</u>
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**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration	\$ 13,500.00	13,500.00	11,850.13		1,649.87	
Salaries and Wages	7,500.00	7,500.00	5,549.62		1,950.38	
Other Expenses	23,268.00	23,268.00	23,268.00		-	
Mayor and Council	1,800.00	1,800.00	667.00		1,133.00	
Salaries and Wages	45,000.00	45,000.00	43,240.00		1,760.00	
Other Expenses	4,400.00	4,400.00	278.00	86.84	4,035.16	
Improvement Search Officer	50.00	50.00			50.00	
Salaries and Wages	33,000.00	33,000.00	28,574.08		4,425.92	
Other Expenses	25,500.00	25,500.00	13,246.24	647.42	11,606.34	
Audit Services	28,000.00	28,000.00	28,000.00		-	
Other Expenses	25,000.00	25,000.00	23,436.00		1,564.00	
Assessment of Taxes	8,000.00	8,000.00	6,365.23	402.21	1,232.56	
Revenue Administration (Tax Collection)	40,000.00	40,000.00	37,352.54		2,647.46	
Salaries and Wages	8,000.00	8,000.00	7,147.87	221.80	630.33	
Other Expenses	50.00	50.00			50.00	
Liquidation of Tax Liens and Foreclosed Property	5,000.00	5,000.00			5,000.00	
Other Expenses	23,000.00	23,000.00	3,294.00		19,706.00	
Legal Services	38,000.00	38,000.00	27,693.28		10,306.72	
Other Expenses	8,000.00	8,000.00	7,812.00		188.00	
Engineering & Planning Services	6,000.00	6,000.00	615.99	3,696.49	1,687.52	
Other Expenses	9,200.00	9,200.00	8,952.00		248.00	
LAND USE ADMINISTRATION	1,300.00	1,300.00	600.00	33.94	666.06	
Municipal Land Use Law (N.J.S.A. 40:55D-1)	27,093.00	27,093.00	27,093.00		-	
Land Use Board						
Salaries and Wages						
Other Expenses						
Zoning Administration and Housing Officer						
Salaries and Wages						
Other Expenses						
INSURANCE						
General Liability						

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, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Other Insurance Premium	4,100.00	4,100.00	4,082.40		17.60	
Workers Compensation	31,245.00	31,245.00	30,437.00		808.00	
Employee Group Health	39,200.00	39,200.00	34,975.28		4,224.72	
Health Insurance Waiver	4,500.00	4,500.00	4,500.00		-	
<b>PUBLIC SAFETY</b>						
Aid to Volunteer Fire Company	70,000.00	70,000.00	70,000.00		-	
First Aid Organization - Contribution	38,550.00	38,550.00	38,520.00		30.00	
Emergency Management Services						
Salaries and Wages	4,000.00	4,000.00	3,953.90		46.10	
Other Expenses	1,000.00	1,000.00			1,000.00	
Uniform Fire Safety Act						
Salaries and Wages	6,400.00	6,400.00	6,267.96		132.04	
Other Expenses	10,120.26	10,120.26	1,128.75		8,991.51	
<b>PUBLIC WORKS FUNCTION</b>						
Road Repairs and Maintenance						
Salaries and Wages	160,000.00	160,000.00	122,667.50		37,332.50	
Other Expenses	70,000.00	70,000.00	33,650.01	6,610.33	29,739.66	
Solid Waste Collection (Disposal)						
Salaries and Wages	53,000.00	53,000.00	42,048.64		10,951.36	
Other Expenses						
Contractual						
Miscellaneous Other Expenses	44,000.00	44,000.00	38,110.00	5,890.00	-	
Public Buildings and Grounds	13,000.00	13,000.00	5,365.97	7,400.00	234.03	
Salaries and Wages	4,050.00	4,050.00	3,900.00		150.00	
Other Expenses	32,000.00	32,000.00	20,369.63	3,388.97	8,241.40	
Vehicle Maintenance						
Other Expenses	14,000.00	14,000.00	9,700.11	171.28	4,128.61	
<b>HEALTH AND HUMAN SERVICES</b>						
Board of Health						
Other Expenses	200.00	200.00			200.00	
Registrar of Vital Statistics						
Other Expenses	700.00	700.00	150.00		550.00	
Hepatitis Program						
Other Expenses	50.00	50.00			50.00	
Dog Regulation						
Salaries and Wages	6,000.00	6,000.00	5,655.96		344.04	
Other Expenses	2,500.00	2,500.00	1,500.00	600.00	400.00	
<b>PARKS AND RECREATION FUNCTIONS</b>						
Recreation Services and Program						
Other Expenses	3,000.00	3,000.00	180.00		2,820.00	
Maintenance of Parks						
Other Expenses	1,500.00	1,500.00	180.00		1,320.00	

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	6,000.00	6,000.00	3,945.99		2,054.01	
Street Lighting	6,000.00	6,000.00	4,106.93		1,893.07	
Telephone	3,000.00	2,660.00	520.79	60.00	2,079.21	
Natural Gas	4,000.00	4,340.00	4,302.48		37.52	
Telecommunication Cost	10,000.00	10,000.00	9,267.26		732.74	
Gasoline	20,000.00	20,000.00	15,419.19		4,580.81	
<b>LANDFILL/SOLID WASTE DISPOSAL COST</b>						
Salem County Utilities Authority Tipping Fees	77,000.00	77,000.00	42,344.82	5,964.68	28,690.50	
Sanitary Landfill						
Other Expenses	27,000.00	27,000.00	19,994.89	5,772.00	1,233.11	
	<u>1,146,776.26</u>	<u>1,146,776.26</u>	<u>882,280.44</u>	<u>40,945.96</u>	<u>223,549.86</u>	<u>-</u>
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>						
Contingent	1,000.00	1,000.00	-	-	1,000.00	
	<u>1,147,776.26</u>	<u>1,147,776.26</u>	<u>882,280.44</u>	<u>40,945.96</u>	<u>224,549.86</u>	<u>-</u>
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>						
Detail:						
Salaries and Wages	430,518.00	430,518.00	368,978.71	-	61,539.29	-
Other Expenses	717,258.26	717,258.26	513,301.73	40,945.96	163,010.57	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
None	-	-	-	-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	45,826.00	45,826.00	45,826.00	-	-	-
Social Security System (O.A.S.I.)	34,000.00	34,000.00	28,696.62	-	5,303.38	-
Unemployment Compensation Insurance	2,100.00	2,100.00	1,499.43	-	600.57	-
New Jersey Disability Insurance	2,500.00	2,500.00	249.91	-	2,250.09	-
	<u>84,426.00</u>	<u>84,426.00</u>	<u>76,271.96</u>	<u>-</u>	<u>8,154.04</u>	<u>-</u>
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
	<u>1,232,202.26</u>	<u>1,232,202.26</u>	<u>958,552.40</u>	<u>40,945.96</u>	<u>232,703.90</u>	<u>-</u>

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, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
Interlocal Municipal Service Agreements						
Pilesgrove Township - Municipal Court						
Other Expenses	56,000.00	56,000.00	41,925.24		14,074.76	
Pittsgrove Township - Construction Code Official						
Other Expenses	4,000.00	4,000.00	450.00		3,550.00	
	<u>60,000.00</u>	<u>60,000.00</u>	<u>42,375.24</u>	<u>-</u>	<u>17,624.76</u>	<u>-</u>
<b>(A) Public and Private Programs Off-Set by Revenues</b>						
Municipal Alliance-Alcoholism and Drug Abuse						
County Share	2,148.66	2,148.66	2,148.66		-	
Local Share	537.17	537.17	537.17		-	
Clean Communities Program						
Recycling Tonnage Grant	15,130.83	15,130.83	15,130.83		-	
Local Fiscal Recovery Funds	6,492.73	6,492.73	6,492.73		-	
Drunk Driving Enforcement Grant	351,163.00	351,163.00	351,163.00		-	
Total Public and Private Programs Off-Set by Revenues	<u>360,341.56</u>	<u>375,472.39</u>	<u>375,472.39</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Operations - Excluded from "CAPS"</b>	<u>420,341.56</u>	<u>435,472.39</u>	<u>417,847.63</u>	<u>-</u>	<u>17,624.76</u>	<u>-</u>
<b>Detail:</b>						
Salaries and Wages						
Other Expenses	420,341.56	435,472.39	417,847.63		17,624.76	
<b>(C) Capital Improvements</b>						
Capital Improvement Fund						
Capital Improvements	200,000.00	200,000.00	200,000.00		-	
Total Capital Improvements	<u>200,000.00</u>	<u>200,000.00</u>	<u>200,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(D) Debt Service</b>						
Interest on Bonds						
Interest on Notes	100.00	100.00	-		-	100.00
Total Debt Service	<u>100.00</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100.00</u>
<b>(E) Deferred Charges</b>						
Special Emergency Authorization						
Special Emergency Authorization	31,170.00	31,170.00	31,170.00		-	
Total Deferred Charges	<u>31,170.00</u>	<u>31,170.00</u>	<u>31,170.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

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, 2022**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	651,611.56	666,742.39	649,017.63	- 17,624.76	100.00
SUBTOTAL GENERAL APPROPRIATIONS	1,883,813.82	1,898,944.65	1,607,570.03	40,945.96 250,328.66	100.00
(M) Reserve for Uncollected Taxes	287,264.96	287,264.96	287,264.96	- -	
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 2,171,078.78</b>	<b>2,186,209.61</b>	<b>1,894,834.99</b>	<b>40,945.96 250,328.66</b>	<b>100.00</b>
Budget		2,171,078.78		Cancelled	100.00
Appropriations by 40A:4-87		15,130.83		Overexpended	-
Emergency Appropriations		-			<u>100.00</u>
		<u>2,186,209.61</u>			
Reserve for Uncollected Taxes			287,264.96		
Federal and State Grants			375,472.39		
Deferred Charges			31,170.00		
Disbursements			1,200,927.64		
			<u>1,894,834.99</u>		

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**EXHIBIT B - TRUST FUNDS**

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**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2022	2021
<u>ASSETS</u>		
Animal Control Fund:		
Cash - Treasurer	\$ 165.88	127.74
	165.88	127.74
Other Funds		
Cash - Treasurer	846,173.05	809,033.80
Cash - Tax Collector	86,105.73	37,497.87
Escrow Receivables	240.75	913.14
Due from General Capital Fund	0.07	0.07
	932,519.60	847,444.88
	932,685.48	847,572.62
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Animal Control Fund		
Reserve for:		
Animal Control Trust Fund	165.80	118.80
Due to Current Fund	0.08	8.94
	165.88	127.74
Other Funds		
Due to Current Fund	\$ 1,180.13	958.16
Encumbrances Payable		1,109.60
Reserves for Miscellaneous Trusts	931,339.47	845,377.12
	932,519.60	847,444.88
	\$ 932,685.48	847,572.62

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN  
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**EXHIBIT C - GENERAL CAPITAL FUND**

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

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 820,295.65	854,098.02
Due Current Fund	1,105.21	885.23
	<u>821,400.86</u>	<u>854,983.25</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Due Farmland Preservation Trust	0.07	0.07
Reserve for Farmland Preservation	17,834.07	65,632.52
Improvement Authorizations:		
Funded	81,233.63	127,017.57
Unfunded	-	-
Capital Improvement Fund	722,333.09	662,333.09
Fund Balance	-	-
	<u>\$ 821,400.86</u>	<u>854,983.25</u>

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

2021	-
2022	-

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**EXHIBIT D - GENERAL FIXED ASSETS**

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

	<u>2022</u>	<u>2021</u>
General Fixed Assets:		
Land	\$ 767,901.00	767,901.00
Buildings	509,432.37	509,432.37
Machinery and Equipment	465,118.46	1,424,254.28
Vehicles	<u>1,594,471.65</u>	<u>614,925.03</u>
Total General Fixed Assets	<u><u>3,336,923.48</u></u>	<u><u>3,316,512.68</u></u>
Investment in General Fixed Assets	\$ <u><u>3,336,923.48</u></u>	<u><u>3,316,512.68</u></u>

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

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**NOTES TO FINANCIAL STATEMENTS**

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**TOWNSHIP OF UPPER PITTSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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 Pittsgrove has no component units.

**B. Description of Funds**

The accounting policies of the Township of Upper Pittsgrove 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 Pittsgrove 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.

**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; accordingly, 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

**TOWNSHIP OF UPPER PITTSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 with no amount charged to operations in the year incurred.

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 accounting principles generally accepted in the United States of America.

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 \$500 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

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**TOWNSHIP OF UPPER PITTSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2022 and 2021.

	Balance as of 12/31/2021	Adjustments/ Additions	Adjustments/ Deletions	Balance as of 12/31/2022
Land	\$		(767,901.00)	767,901.00
Buildings and Improvements	1,277,333.37		767,901.00	509,432.37
Machinery & Equipment	1,389,551.28	20,410.80	944,843.62	465,118.46
Transportation Equipment	614,925.03		(979,546.62)	1,594,471.65
Furniture	34,703.00		34,703.00	-
<b>Total</b>	<b>3,316,512.68</b>	<b>20,410.80</b>	<b>-</b>	<b>3,336,923.48</b>

	Balance as of 12/31/2020	Adjustments/ Additions	Adjustments/ Deletions	Balance as of 12/31/2021
Building and Grounds	\$ 1,351,616.25		(74,282.88)	1,425,899.13
Equipment	1,314,809.40	4.00	74,282.88	1,240,530.52
Transportation Equipment	614,925.03			614,925.03
Furniture	34,703.00			34,703.00
<b>Total</b>	<b>3,316,053.68</b>	<b>4.00</b>	<b>-</b>	<b>3,316,057.68</b>

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 the 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 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 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, 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 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.

**TOWNSHIP OF UPPER PITTSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Compensated Absences – Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. New Jersey municipalities are permitted to accrue a compensated absences liability. The Township has begun to accumulate funds for accrued absences. See Note 13 for additional information on the Township’s compensated absences policy.

**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 Revenues-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**F. Recent Accounting Pronouncements Not Yet Effective**

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, “Conduit Debt Obligations”. This statement is effective for fiscal periods beginning after December 31, 2022, will not have any effect on the Township’s financial reporting.

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

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

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

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 School District’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, will not have any effect on the Township’s financial reporting.

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

**TOWNSHIP OF UPPER PITTSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, will not have any significant effect on the Township's financial reporting.

**Note 2: BUDGETARY INFORMATION**

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 2022 and 2021 statutory budgets included a reserve for uncollected taxes in the amount of \$287,264.96 and \$317,126.66, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2022 and 2021 statutory budgets was \$314,567.03 and \$309,287.10, respectively.

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 Township Council. There were no significant budget transfers approved in the 2022 and 2021 calendar years:

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 the 2022 calendar year, Township Committee approved a budget insertion in the amount of \$15,130.83. See schedule A-2 for a detailed breakdown. During the 2021 calendar year, Township Committee approved budget insertions in the amount of \$24,797.54.

The municipality 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 budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During the 2022 and 2021 calendar years, no emergency appropriations or special emergencies were approved by Township Committee.

In addition, NJSA 40A:4-60 permits the Governing Body to cancel, by resolution, any unexpended balances of appropriations prior to year-end. There were no significant cancellations approved in the 2022 and 2021 calendar years.

**Note 3: INVESTMENTS**

As of December 31, 2022, and 2021, the municipality had no investments.

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

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The municipality places no limit on the amount the Township may invest in any one issuer.

**TOWNSHIP OF UPPER PITTSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2022, and 2021, \$687,443.30 and \$778,761.47 of the municipality’s bank balance of \$5,663,641.46 and \$5,273,954.19 was exposed to custodial credit risk.

**Note 5: LONG TERM DEBT**

During the calendar year 2022 and 2021 there was no municipal debt incurred by the Township:

<u>Summary of Municipal Debt</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
Bonds & Notes Issued:			
General	\$ -	-	-
Net Bonds & Notes Issued	-	-	-
Bonds & Notes Authorized But Not Issued:			
General	-	-	-
Net Bonds & Notes Authorized But Not Issued	-	-	-
Net Bonds & Notes Issued and Authorized But Not Issued	\$ -	-	-

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 0.00%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 3,390,000.00		3,390,000.00
General Debt	-	-	-
	<u>\$ 3,390,000.00</u>	<u>-</u>	<u>3,390,000.00</u>

Net Debt \$0.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$350,186,736 = 0.00%. The above information is in agreement with the Annual Debt Statement filed by the Township. An amended Debt Statement will be filed by the Township.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 12,256,535.76
Net Debt	-
Remaining Borrowing Power	<u>\$ 12,256,535.76</u>

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**Note 6: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2022 and 2021 which were appropriated and included as anticipated revenue in the current operating budget for the year ending December 31, 2023 and 2022 were as follows:

		2023	2022
Current Fund	\$	308,107.71	314,567.03

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of NJ for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of cash surplus available to the Township to appropriate in the 2023 budget is \$1,459,725.46.

**Note 7: SCHOOL TAXES**

Local District and Regional High School Taxes have been raised and remitted, or established as a payable, to the respective district in the following amounts:

		2022	2021
Local School District	\$	1,476,226.00	1,497,561.00

Since the school districts operate on a July 1 to June 30 fiscal year the school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

**Note 8: 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 12/31/2022	Balance 12/31/2021
Prepaid Taxes	\$	219,514.97	190,931.05
Cash Liability for Taxes Collected in Advance	\$	219,514.97	190,931.05

**Note 9: PENSION FUNDS**

Description of Plans

Substantially all of the Township's employees are covered by the Public Employees' Retirement System cost sharing multiple employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pension 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 Public Employees Retirement System. This report may be obtained by writing to the division of Pensions 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/omb/publications/21fsNJFRFY2021complete.pdf>.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership

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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 43:15:c-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.

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. Effective July 1, 2018, PERS provided for employee contributions of 7.50% of the employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 15.98% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2022, 2021, and 2020 were \$45,826.00, \$46,966.00, and \$43,012.00.

The total payroll for the years ended December 31, 2022, 2021, and 2020 was \$375,117.57, \$389,394.89, and \$399,407.30. Payroll covered by PERS was \$208,598.00, \$217,512, and \$273,514, respectively.

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) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- 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; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. 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.

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- 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, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, 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. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. 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 as 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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 10: 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 municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2021:

**Public Employees' Retirement System**

The Municipality has a liability of \$463,556 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Municipality's proportion would be 0.0039130190%, which would be a decrease of .003802319% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of \$(68,222). At December 31, 2021, the Municipality would report deferred outflows of resources and deferred

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inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 7,311	3,319
Changes of assumptions	2,414	165,029
Changes in proportion	20,869	85,778
Net difference between projected and actual earnings on pension plan investments		122,113
 Total	 \$ 30,594	 376,239

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

Year ended June 30,			
2021	\$	(143,888)	
2022		(98,415)	
2023		(61,634)	
2024		(41,906)	
2025		198	
 Total	 \$	 (345,645)	

**Actuarial Assumptions**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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

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



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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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 567,392	\$ 463,556	\$ 375,549

*Pension plan fiduciary net position.*

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

**Note 11: OTHER POST-RETIREMENT BENEFITS**

*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) Comprehensive Annual Financial Report (CAFR), 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 postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. 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 negotiation 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.

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*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, where applicable, and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2021 were \$3,872,142,278 and \$14,177,910,609, 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, 2020 through June 30, 2021. 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, 2021 is as follows:

	<b>June 30, 2021</b>	
	<b>Collective Total</b>	<b>Proportionate Share</b>
Total OPEB Liability	\$ 18,050,052,887	\$ 1,026,146
Plan Fiduciary Net Position	50,271,652	2,858
Net OPEB Liability	\$ 17,999,781,235	\$ 1,023,288
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.28%

At June 30, 2021 the Township's proportionate share of the Collective Net OPEB Liability was \$1,023,288. The Township's proportion of the Collective Net OPEB Liability was 0.005685% which was a decrease from the prior year of -25.98%.

For the Year ended June 30, 2021 the Township's Total OPEB Expense was (\$124,774).

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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:

Inflation rate	2.50%
Salary increases*:	
PERS Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%

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\* Salary increases are based on years of service within the respective plan.

Mortality:

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

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

*Discount Rate*

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

The following presents the Net OPEB liability as of June 30, 2021, 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 (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
<b>Collective</b>			
Net OPEB Liability	\$ 21,182,289,882	\$ 17,999,781,235	\$ 15,447,574,697
<b>Proportionate Share</b>			
Net OPEB Liability	\$ 1,204,214	\$ 1,023,288	\$ 878,195

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

The following presents the net OPEB liability as of June 30, 2021, 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:

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	1% Decrease		Healthcare Cost Trend Rate		1% Increase
Collective					
Net OPEB Liability	\$ 15,017,879,689	\$	17,999,781,235	\$	21,890,793,528
Proportionate Share					
Net OPEB Liability	\$ 853,767	\$	1,023,288	\$	1,244,492

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

At June 30, 2021, 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	\$ 403,893,589	\$ (3,765,820,027)	\$ 22,961	\$ (214,087)
Changes of assumptions	2,589,322,345	(3,181,672,721)	147,203	(180,878)
Net difference between projected and actual earnings on OPEB plan investments	8,606,416		489	
Changes in proportion and differences between contributions and proportionate share of contributions			40,178	(825,490)
Total	\$ 3,001,822,350	\$ (6,947,492,748)	\$ 210,831	\$ (1,220,455)

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
2022	\$ (1,074,753,405)	\$ (275,009)
2023	(1,076,167,210)	(275,371)
2024	(1,077,459,075)	(275,702)
2025	(769,416,743)	(196,879)
2026	(129,344,414)	(33,097)
Thereafter	181,470,449	46,435
Total	\$ (3,945,670,398)	\$ (1,009,624)

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, 2021 are as follows:

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Service cost	\$ 846,075,674
Interest on Total OPEB Liability	413,837,061
Expected Investment Return	(2,381,937)
Administrative Expenses	11,334,383
Changes of Benefit Terms	2,029,119
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(703,565,089)
Changes in Assumptions	(375,284,907)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,971,262
Total Collective OPEB Expense	<u>\$ 197,015,566</u>

*Schedule of Township's Share of Net OPEB Liability*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Township's Proportionate Share of Net OPEB Liability	\$ 0.0056850%	0.0076780%	0.0098360%	0.0096560%
Township's Share of Net OPEB Liability	1,023,288	1,377,941	1,332,392	1,512,769
Township's Covered Payroll	217,512	273,514	294,888	294,559
Township's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	470.45%	503.79%	451.83%	513.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.97%	1.97%	1.98%

**Note 12: SHARED SERVICE AGREEMENT**

On June 10, 2003, The Township of Upper Pittsgrove entered into a joint venture agreement with Pilesgrove Township to establish the Pilesgrove/Upper Pittsgrove Municipal Court effective July 1, 2003. A Pilesgrove/Upper Pittsgrove Municipal Court Committee was formed consisting of one (1) representative appointed by Pilesgrove and one (1) representative appointed by Upper Pittsgrove. This Pilesgrove/Upper Pittsgrove Municipal Court Committee shall be convened and determine such other details regarding the administration of the Court that do not require action by the governing bodies.

On December 9, 2003, Alloway Township Municipal Court entered into the joint venture agreement. Total expenditures for compensation and expenses for each year shall be shared between the municipalities depending upon the ticket activity for each municipality. All fees collected shall be paid over to the municipality in which the complaint or charge arose. The Township paid \$41,925.24 during 2022 for this service.

**Note 13: ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time.

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Vacation time earned must be used prior to January 1. Under extenuating circumstances, vacation time may be carried over the succeeding years if formally approved by the Township Committee. Upon termination of employment, an employee shall be paid for unused earned vacation provided that said employee:

1. Has been employed at least 12 months
2. Has given the required written notice, and
3. Is not being dismissed for misconduct or improper actions

Sick leave for actual illness is allowed with pay accrued on the basis of one (1) working day for each full month of service. Sick leave may be accumulated up to a maximum of sixty (60) days. All sick leave will terminate as of the date of separation and no reimbursement for said sick leave terminated will be forthcoming.

**Note 14: UNION CONTRACTS**

As of December 31, 2022, the Township's employees has no collective bargaining units.

**Note 15: INVESTMENT IN SOLAR RENEWABLE ENERGY CERTIFICATES (SREC'S)**

The SREC program provides a means for Solar Renewable Energy Certificates (SREC's) to be created for every megawatt-hour of solar electricity created. The SREC is sold separately from the electricity and represents the "solar" aspect of the electricity that was produced. The value of a SREC is determined by the market subject to supply and demand constraints. The SREC's can be sold to electricity suppliers needing to meet their solar RPS requirement. The market is typically capped by a fine or solar alternative compliance payment paid by any electricity suppliers for every SREC they fall short of the requirement. As of December 31, 2022, the investment in the SREC's was \$0. All the SREC's available as of December 31, 2022, were sold by year-end and the amount recorded as a receivable was \$0.

**Note 16: ECONOMIC DEPENDENCY**

The Township of Upper Pittsgrove is not economically dependent on any one business or industry as a major source of tax revenue for 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 years ended December 31, 2022 and 2021 the Township did not incur claims in excess of the coverage and the amount of coverage did not significantly decrease.

The Township of Upper Pittsgrove is a member of the Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund 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 Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a liability limit of \$10,000,000.00 under MEL. There has not been a reduction in coverage and there have not been any claims in excess of coverage.

**TOWNSHIP OF UPPER PITTSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

At December 31, 2022, the following deferred charges are shown on the balance sheets of the various funds:

	Balance 12/31/2022	Raised in 2023 Budget	To be Raised in Subsequent Budgets
Special Emergency Authorization	\$ 62,340.00	31,170.00	31,170.00

**Note 19: INTERFUND BALANCES**

As of December 31, 2022, the following interfunds were included on the balance sheets of the various funds of the Township of Upper Pittsboro:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 0.08	
Grant Fund		43,452.01
Trust Other	1,180.13	
General Capital Fund		1,105.21
Grant Fund:		
Current Fund	43,452.01	
Trust Fund:		
Current Fund		1,180.13
Animal Control Fund		0.08
General Capital Fund	0.07	
General Capital Fund:		
Current Fund	1,105.21	
Trust Other		0.07
	\$ 45,737.50	45,737.50

The amounts due to the Current Fund from the Animal Control Fund and Trust Other are the result of December interest not turned over before year-end. The amount due from the Grant Fund to the Current Fund is the result of grant expenditures that have not yet been reimbursed by the funding agencies.

**Note 20: CONTINGENCIES**

**Grantor Agencies**

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with the terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and costs reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2022 the Township estimates that no material liabilities will result from such audits.



**TOWNSHIP OF UPPER PITTSBORO  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**Litigation**

It is the Upper Pittsgrove Township's Counsel's opinion that there is no pending litigation against the Township that would have a material or adverse effect on the Township or the financial position of the Township.

**Tax Appeals**

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriations for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2022.

**Note 21: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2022 and April 13, 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

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**SUPPLEMENTARY INFORMATION**

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# 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**  
**MATTERS 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 Pittsgrove  
County of Salem, New Jersey

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 Pittsgrove, State of New Jersey, as of and for the year ended December 31, 2022, 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 13, 2023, 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 Pittsgrove 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

*Michael S. Garcia*  
Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472

April 13, 2023

**TOWNSHIP OF UPPER PITTSBORO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Section I -- Summary of Auditor's Results**

**Financial Statement**

Type of auditor's report issued	<u>Adverse under GAAP, Modified under Regulatory Basis</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	_____ X _____ no
• Significant deficiency(ies) identified?	_____	yes	_____ X _____ none reported
Noncompliance material to financial statements noted?	_____	yes	_____ X _____ no

**Federal Awards**

**Not applicable**

Internal Control over major programs:			
• Material weakness(es) identified?	_____	yes	_____ no
• Significant deficiency(ies) identified?	_____	yes	_____ none reported

Type of auditor's report issued on compliance major programs \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>

Dollar Threshold used to distinguish between type A and type B programs: \$ \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**State Awards**

**Not applicable**

Internal Control over major programs:			
• Material weakness(es) identified?	_____	yes	_____ no
• Significant deficiency(ies) identified?	_____	yes	_____ none reported

Type of auditor's report issued on compliance major programs \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with OMB Circular 15-08 \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<u>GMS Number(s)</u>	<u>Name of State Program</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs:

\$ \_\_\_\_\_

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes \_\_\_\_\_ no

### **Section II - Financial Statement Findings**

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section

None

### **Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs**

#### **FEDERAL AWARDS**

Not applicable.

#### **STATE AWARDS**

Not applicable.

#### **SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

Finding 2021-001

The general ledger does not include all required journal entries to lapse appropriation reserves, cancel encumbrances, adjust interfund receivables/payables, record tax levies, transfer delinquent taxes to tax title liens, record tax appeals, and recognize tax overpayments. Expenditures for appropriation reserves were commingled with current year appropriations and accounts payable.

Status: Corrective action was taken.



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2021	\$ 3,370,157.32	175,581.50
Increased by Receipts:		
Taxes Receivable	9,506,710.44	
Homestead Rebate	151,357.97	
Tax Overpayments	8,961.64	
Prepaid Taxes	219,514.97	
Revenue Accounts Receivable	805,530.68	
Election Worker & Polling Place	27,036.16	
Municipal Relief Fund	23,201.14	
State of New Jersey - Senior Citizens and Veterans	31,711.92	
Payroll Taxes Payable	92,221.74	
Due Current Fund	-	5,486.42
Due from Trust Other	1,025.78	
Grant - Unappropriated Reserves		
Grant Receivables		198,787.89
	<u>10,867,272.44</u>	<u>204,274.31</u>
	14,237,429.76	379,855.81
Decreased by Disbursements:		
Current Year Appropriation	1,200,927.64	
Prior Year Appropriations	61,645.18	
County Taxes	4,334,067.58	
County Added Taxes	8,056.64	
Local District School Taxes	4,847,561.00	
Tax Overpayments Refunded	1,403.87	
Farmland Preservation	68,034.00	
Election Worker & Polling Place	26,981.16	
Due from General Capital Fund	2,578.39	
Reserve for Master Plan	5,000.00	
Payroll Taxes Payable	96,878.04	
Refund of Prior Year Revenue	52,248.15	
Federal and State Grants Appropriated		28,692.81
	<u>10,705,381.65</u>	<u>28,692.81</u>
Balance December 31, 2022	\$ <u>3,532,048.11</u>	<u>351,163.00</u>

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

Year	Balance Dec. 31, 2021	Current Year Levy	Added Taxes	Collections by Cash		Overpayments Applied	Transferred To Tax Title Lien	Canceled	Balance Dec. 31, 2022
				2021	2022				
2020	\$ 755.45				750.00				5.45
2021	243,228.63		1,288.08		244,261.11				255.60
	<u>243,984.08</u>	-	<u>1,288.08</u>	-	<u>245,011.11</u>	-	-	-	<u>261.05</u>
2022	-	9,916,016.21	18,442.31	190,931.05	9,444,557.30	3,056.55	22,151.14	4,783.83	268,978.65
	\$ <u>243,984.08</u>	<u>9,916,016.21</u>	<u>19,730.39</u>	<u>190,931.05</u>	<u>9,689,568.41</u>	<u>3,056.55</u>	<u>22,151.14</u>	<u>4,783.83</u>	<u>269,239.70</u>

Cash Receipts  
 Homestead Benefit  
 Senior Citizens and Veterans

9,506,710.44  
 151,357.97  
 31,500.00  
9,689,568.41

Analysis of Current Year Tax Levy

Tax Yield:  
 General Property Tax  
 Added Taxes (54:4-63.1 et. Seq.)

9,916,016.21  
 18,442.31  
9,934,458.52

Tax Levy:  
 General County Taxes  
 County Open Space Taxes  
 County Added and Omitted Taxes  
 Total County Taxes

4,263,380.80  
 70,686.78  
 8,056.64  
4,342,124.22

Local School District Tax  
 Municipal Open Space

4,826,226.00  
 68,034.00

Local Tax for Municipal Purposes  
 Add: Additional Tax Levied

686,900.00  
 11,174.30  
698,074.30

9,934,458.52

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

Balance December 31, 2021		\$ 237,873.61
Increased by:		
Transfers from:		
Taxes Receivable	22,151.14	
Interest and Costs Accrued by Sale	<u>-</u>	
		<u>22,151.14</u>
Balance December 31, 2022		\$ <u><u>260,024.75</u></u>

**CURRENT FUND  
SCHEDULE OF DUE STATE OF NEW JERSEY - SENIOR CITIZEN  
& VETERANS DEDUCTIONS**

Balance December 31, 2021		2,919.72
Increased by:		
Deductions per Tax Duplicate	31,250.00	
Deductions Allowed by Collector	750.00	
Deductions Disallowed by Collector	<u>(500.00)</u>	
	31,500.00	
Prior Year Deductions Disallowed	<u>(1,288.08)</u>	
		<u>30,211.92</u>
		33,131.64
Decreased by:		
Cash Receipts		<u>31,711.92</u>
Balance December 31, 2022		<u><u>1,419.72</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2021	Accrued in 2022	Collected by Treasurer	Balance Dec. 31, 2022
Fees and Permits		18,536.00	18,536.00	
Fines and Costs:				
Municipal Court	780.46	12,980.68	13,074.56	686.58
Interest and Costs on Taxes		62,714.78	62,714.78	
Energy Receipts Tax		444,774.00	444,774.00	
Uniform Fire Safety Act		6,858.12	6,858.12	
Cable Franchise Fees		7,633.36	7,633.36	
<b>Miscellaneous Revenue Not Anticipated</b>				
Interest Earned on Investments		12,878.55	12,878.55	
Certificate of Occupancy & 200 ft List		2,065.00	2,065.00	
Zoning & Planning		4,871.00	4,871.00	
Recycling and White Goods		15,766.81	15,766.81	
Elmer Borough Shared Service		29,802.20	29,802.20	
Reimbursements		146,175.32	146,175.32	
SREC's		5,129.00	5,129.00	
Farm Rent		10,996.26	10,996.26	
Senior Citizen & Veteran's Administrative Fees		634.24	634.24	
Repayments		17,362.50	17,362.50	
Safety Awards		6,258.98	6,258.98	
	<u>780.46</u>	<u>805,436.80</u>	<u>805,530.68</u>	<u>686.58</u>
	\$			

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance December 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
	Encumbrances	Reserves		
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
Financial Administration				
Other Expenses	7,885.79	9,989.76	7,519.56	10,355.99
Emergency Management Services				
Other Expenses	500.00	500.00		1,000.00
SANITATION:				
Road Repair and Maintenance				
Other Expenses	15,802.98	28,042.01	14,711.75	29,133.24
Solid Waste Collection (Disposal)				
Other Expenses				
Contractual	3,245.00	5,762.00	3,245.00	2,517.00
Miscellaneous Other Expenses	180.00	3,079.94	180.00	2,899.94
Public Buildings and Grounds				
Other Expenses	19,993.42	996.39	17,349.59	3,640.22
HEALTH AND WELFARE:				
Dog Regulation				
Other Expenses	550.00	700.00	250.00	1,000.00
RECREATION AND EDUCATION:				
Maintenance of Parks				
Other Expenses	180.00		180.00	600.00
Landfill/Solid Waste Disposal				
Salem County Utilities Authority	6,172.60	15,509.86	6,172.60	15,509.86
Statutory Expenditures:				
Contributions to:				
Unemployment Compensation Insurance				
NJ Disability Insurance		575.62	304.47	271.15
Other Accounts - No Change within CAPS		2,007.21	50.75	1,956.46
OPERATIONS EXCLUDED FROM "CAPS"				
Shared Service Agreements		175,736.08		175,736.08
Municipal Court				
Other Expenses	13,802.00	13,802.00	11,681.46	2,120.54
Other Accounts - No Change		3,775.00		3,775.00
	<u>68,311.79</u>	<u>243,848.87</u>	<u>61,645.18</u>	<u>250,515.48</u>

See Accompanying Auditor's Report

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

Balance December 31, 2021		
School Tax Payable	\$	1,497,561.00
Increased by:		
Levy - Calendar Year 2022		<u>4,826,226.00</u>
		6,323,787.00
Decreased by:		
Payments		<u>4,847,561.00</u>
Balance December 31, 2022	\$	<u><u>1,476,226.00</u></u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2021</u>	<u>Transferred From 2022 Revenues</u>	<u>Received</u>	<u>Transfer from Unappropriated</u>	<u>Balance Dec. 31, 2022</u>
<b>FEDERAL GRANTS:</b>					
Local Fiscal Recovery Funds (ARP)	-	351,163.00	175,581.50	175,581.50	-
Total Federal	-	351,163.00	175,581.50	175,581.50	-
<b>STATE GRANTS:</b>					
New Jersey Transportation Trust Fund 2020	61,489.77				61,489.77
Municipal Alliance	10,905.37	2,148.66	1,582.83		11,471.20
Clean Communities Program	-	15,130.83	15,130.83		-
Recycling Tonnage Grant	1,707.44	6,492.73	6,492.73		1,707.44
Total State	74,102.58	23,772.22	23,206.39	-	74,668.41
	\$ 74,102.58	374,935.22	198,787.89	175,581.50	74,668.41

**CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance Dec. 31, 2021	2022 Appropriations	Disbursed	Balance Dec. 31, 2022
<b>FEDERAL GRANTS:</b>				
Local Fiscal Recovery Funds (ARP)	\$ -	351,163.00		351,163.00
Total Federal	-	351,163.00	-	351,163.00
<b>STATE GRANTS:</b>				
New Jersey Transportation Trust Fund:				
2016 Grant	17,173.17			17,173.17
2020 Grant	44,489.06		10,692.29	33,796.77
Municipal Alliance	12,583.47	2,685.83	1,716.04	13,553.26
Clean Communities Program	19,508.50	15,130.83	13,409.48	21,229.85
Recycling Tonnage Grant	28,749.64	6,492.73	2,875.00	32,367.37
Total State	122,503.84	24,309.39	28,692.81	118,120.42
	\$ 122,503.84	375,472.39	28,692.81	469,283.42



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

<u>Purpose</u>	<u>Balance Dec. 31, 2021</u>	<u>Transferred To 2022 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2022</u>
<b>FEDERAL GRANTS:</b>				
Local Fiscal Recovery Funds (ARP)	\$ 175,581.50	175,581.50		-
 Total Federal	<u>175,581.50</u>	<u>175,581.50</u>	<u>-</u>	<u>-</u>
	<u>\$ 175,581.50</u>	<u>175,581.50</u>	<u>-</u>	<u>-</u>

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Dog License</u>	<u>Tax Collector</u>	<u>Other</u>
Balance December 31, 2021	\$ 127.74	37,497.87	809,033.80
Increased By:			
Dog License Fees	3,306.00		
Dog License Fees - State Share	468.00		
Reserve for Trust Funds			108,339.83
Tax Premiums		47,500.00	
Tax Sale Redemptions		33,433.35	
Due Current Fund - Interest Earned	3.51	145.16	1,604.08
Due Current Fund - Application Fees			450.00
Escrow Receivable			672.39
	<u>3,777.51</u>	<u>81,078.51</u>	<u>111,066.30</u>
	3,905.25	118,576.38	920,100.10
Decreased By:			
Due to State of New Jersey	468.00		
Animal Control Expenditures	3,259.00		
Reserve for Trust Funds			70,840.18
Encumbrances Payable			1,109.60
Due Current	12.37		1,977.27
Tax Sale Redemptions		32,470.65	
	<u>3,739.37</u>	<u>32,470.65</u>	<u>73,927.05</u>
Balance December 31, 2022	<u>\$ 165.88</u>	<u>86,105.73</u>	<u>846,173.05</u>

**TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

Balance December 31, 2021	\$	118.80
Increased by:		
Dog License Fees Collected		3,306.00
		3,424.80
Decreased by:		
Expenditures Under N.J.S.A. 4:19-15.11	3,259.00	
Statutory Excess Due Current Fund		3,259.00
Balance December 31, 2022	\$	165.80

License Fees Collected	<u>Year</u>	<u>Amount</u>
	2021	2,949.60
	2020	3,851.20
		\$ 6,800.80

**TRUST FUND**  
**SCHEDULE OF MISCELLANEOUS TRUST FUND RESERVES**

	Balance Dec. 31, 2021	Receipts	Disbursements	Balance Dec. 31, 2022
Reserves for:				
Other Miscellaneous Trusts:				
Farmland Preservation	\$ 107,193.96	78,016.41	58,337.28	126,873.09
Municipal Alliance	7,820.45	275.00		8,095.45
Donations Veteran's Memorial Monument	653.10			653.10
Alternate Landfill Escrow Closure	152,964.02	743.08		153,707.10
Landfill Closure Escrow	25,589.18			25,589.18
Developer's Escrow	87,925.59	20,931.59	12,502.90	96,354.28
Affordable Housing	419,593.82	8,373.75		427,967.57
Performance Bond Escrow	693.00			693.00
Maintenance Bond Escrow	5,544.00			5,544.00
Tax Sale Premiums	37,400.00	47,500.00	-	84,900.00
Tax Sale Redemptions	-	33,433.35	32,470.65	962.70
	<u>\$ 845,377.12</u>	<u>189,273.18</u>	<u>103,310.83</u>	<u>931,339.47</u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2021		\$ 854,098.02
Increased by:		
2022 Budget Appropriation		
Capital Improvement Fund	200,000.00	
Serial Bonds Issued	-	
Due Current Fund	2,358.41	
	<u>                    </u>	<u>202,358.41</u>
		1,056,456.43
Decreased by:		
Due Current Fund	2,578.39	
Reserve for Farmland Preservation	47,798.45	
Improvement Authorizations	185,783.94	
	<u>                    </u>	<u>236,160.78</u>
Balance December 31, 2022		<u>\$ 820,295.65</u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2022
	Dec. 31, 2021		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$								
Capital Improvement Fund		662,333.09	200,000.00				140,000.00		722,333.09
Encumbrances Payable		(885.23)		2,358.41		2,578.39			(1,105.21)
Due Current Fund		0.07							0.07
Due Farmland Preservation Trust		65,632.52				47,798.45			17,834.07
Reserve for Farmland Preservation									
<u>Improvement Authorizations:</u>									
Ordinance									
Number									
2014-4		5,707.00							5,707.00
2015-3		13,480.74							13,480.74
2016-4		907.76							907.76
2018-3		468.20							468.20
2019-1		49,479.39			49,479.39				-
2019-4		6,332.00							6,332.00
2020-4		50,642.48							50,642.48
2021-5									
2022-4					136,304.55			140,000.00	3,695.45
		<u>854,098.02</u>	<u>200,000.00</u>	<u>2,358.41</u>	<u>185,783.94</u>	<u>50,376.84</u>	<u>140,000.00</u>	<u>140,000.00</u>	<u>820,295.65</u>

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

Balance December 31, 2021	\$	662,333.09
Increased by:		
2022 Budget Appropriation		<u>200,000.00</u>
		862,333.09
Decreased by:		
Improvement Authorization Funding		<u>140,000.00</u>
Balance December 31, 2022	\$	<u><u>722,333.09</u></u>

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2021		Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2022	
				Funded	Unfunded				Funded	Unfunded
2014-4	Purchase of a Public Works Truck	06/10/14	62,000.00	5,707.00					5,707.00	
2015-3	Street Light Conversions to LED	06/09/15	50,000.00	13,480.74					13,480.74	
2016-4	2016 Maintenance & Repair Program	07/15/16	135,000.00	907.76					907.76	
2018-3	2018 Maintenance & Repair Program	08/04/18	90,000.00	468.20					468.20	
2019-1	Farmland Preservation	03/12/19	118,000.00	49,479.39				49,479.39	-	
2019-4	2019 Maintenance & Repair Program	07/09/19	100,000.00	6,332.00					6,332.00	
2020-4	2020 Maintenance & Repair Program	07/14/20	240,000.00	50,642.48					50,642.48	
2021-5	2021 Maintenance & Repair Program	06/08/21	110,000.00							
2022-4	2022 Maintenance & Repair Program	05/10/22	140,000.00			140,000.00		136,304.55	3,695.45	
				\$ 127,017.57	-	140,000.00	-	185,783.94	81,233.63	-



**TOWNSHIP OF UPPER PITTSBORO**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2022**

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## **GENERAL COMMENTS**

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate of \$17,500 except by contract or agreement".

The governing body of the Township of Upper Pittsgrove has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the district counsel's opinion should be sought before a commitment is made.

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

Solid Waste Collection & Recycling	2022 Maintenance and Repair Program
Convenience Center Retaining Wall	

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body, on January 4, 2022, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, R.S. 54:4-67 permits the governing body of each municipality to fix the rate to be charged for non-payment of taxes or assessments subject to any abatements or discount for the late payment of taxes or assessments as provided by law; and

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Upper Pittsgrove, County of Salem, State of New Jersey, that taxes shall be due and payable quarterly on February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup> and November 1<sup>st</sup> of each year with a ten-day grace period, after which dates, if unpaid shall become delinquent, with interest charged as set forth below and reverting back to the due date on any quarterly installment of taxes.

NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Upper Pittsgrove, County of Salem, State of New Jersey, hereby fix the rate of interest at eight (8) percent per annum on the first \$1,500 of delinquency, and eighteen (18) percent per annum on any amount in excess of \$1,500.

BE IT FURTHER RESOLVED, that a 6% year end penalty be assessed on the last day of the fiscal year on delinquent accounts when in excess of \$10,000.00

Our examination of interest collected on delinquent taxes did not reveal any charges that were not in agreement with the above resolution.

**Delinquent Taxes and Tax Title Liens**

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit. The last tax sale was held on October 26, 2022, and was complete,

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>Tax</u>
2022	20
2021	20
2020	35

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

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	10
Tax Title Liens	5

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>Cash Collections</u>	<u>Percentage of Collections</u>
2022	9,934,458.52	9,638,544.90	97.02%
2021	9,538,657.97	9,257,575.51	97.05%
2020	9,341,904.88	9,032,573.30	96.69%
2019	8,918,581.44	8,560,125.53	95.98%

## Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate:	2.915	2.798	2.723	2.632
Apportionment of Tax Rate:				
Municipal	0.201	0.202	0.192	0.181
Municipal Open Space	0.02	0.01	0.02	0.02
County	1.275	1.21	1.204	1.134
Local School	1.419	1.376	1.307	1.297
Assessed Valuation	340,171,900	339,661,600	341,592,300	337,359,381

## 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>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2022	260,024.75	269,239.70	529,264.45	5.33%
2021	237,873.61	243,984.08	481,857.69	5.05%
2020	240,754.00	269,746.32	510,500.32	5.46%
2019	203,635.81	301,852.46	505,488.27	5.67%

## Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the year and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in budget of Succeeding Year</u>	<u>Percentage of Fund Balance Utilized</u>
<b><u>Current Fund</u></b>			
2022	\$ 1,523,485.18	308,107.71	20.22%
2021	1,394,182.52	314,567.03	22.56%
2020	1,275,011.72	309,287.10	24.26%
2019	1,265,961.17	369,354.08	29.18%

## RECOMMENDATIONS

### NONE

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.

Very truly yours,

*Ford, Scott & Associates, L.L.C.*

**FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

*Michael S. Garcia*

**Michael S. Garcia  
Certified Public Accountant  
Registered Municipal Accountant  
No. 472**

**April 13, 2023**