

TOWNSHIP OF UPPER DEERFIELD

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2021

TOWNSHIP OF UPPER DEERFIELD
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TOWNSHIP OF UPPER DEERFIELD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2021



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 Deerfield
County of Cumberland, 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 Deerfield, as of December 31, 2021, 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, 2021 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Upper Deerfield as of December 31, 2021 and 2020, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2021 and 2020, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Prior Period Financial Statements

The financial statements of the Township of Upper Deerfield as of December 31, 2020, were audited by other auditors whose report dated June 14, 2021, expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unmodified opinion under the regulatory basis of accounting.

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 Deerfield 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 Deerfield 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 Deerfield'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 Deerfield'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 Deerfield'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 Deerfield 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 August 19, 2022, on our consideration of the Township of Upper Deerfield'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 Deerfield'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. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

August 19, 2022

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 5,381,007.60	3,820,185.54
Cash - Change	520.00	520.00
Total Cash	5,381,527.60	3,820,705.54
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	496,816.33	478,711.71
Tax Title and Other Liens	275,500.27	237,131.98
Property Acquired for Taxes - at Assessed Valuation	556,900.00	939,200.00
Clean Up Charges Receivable	3,641.41	13,532.04
Revenue Accounts Receivable	3,795.14	4,089.69
Interfunds Receivable:		
Federal and State Grant Fund	-	421,860.35
Trust Funds:		
Animal Control	4.85	2,534.84
Uniform Fire Safety	0.04	0.11
Accumulated Absences	1.91	2.96
Tax Sale Premium	-	63.47
Storm Recovery	4.72	1.64
Senior Citizen Center	0.28	0.84
Public Defender	0.92	2.01
Recreation	2.99	9.47
Flex Trust	2.12	-
POAA	3.57	3.45
Supplemental Insurance	0.80	-
General Capital	58.99	3,774.62
Utility Operating	1,113.06	991.12
Prepaid Local School Taxes	12,433.50	-
Prepaid Regional High School Taxes	7,609.50	147,615.34
Total Receivables and Other Assets	1,357,890.40	2,249,525.64
Total Regular Fund	6,739,418.00	6,070,231.18
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	1,448,383.62	1,717,463.38
Due from Current Fund	292,145.71	-
Total Federal and State Grant Fund	1,740,529.33	1,717,463.38
Total Current Fund	\$ 8,479,947.33	7,787,694.56

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 470,873.75	436,798.26
Reserve for Encumbrances	303,522.38	208,179.34
Prepaid Taxes	451,205.31	372,634.48
Overpaid Taxes	36,787.28	32,098.58
Reserve for Payroll Payable	4,501.28	36,656.00
Reserve for Tax Appeals	223,737.68	223,737.68
Deposits on Sale of Property	-	24,650.00
Local School Tax Payable	-	40.00
County Added Tax Payable	205,027.79	15,143.11
Due to State:		
Marriage Licenses	-	200.00
Seniors and Veterans	30,529.96	32,279.96
DCA Fees	4,942.00	12,119.00
UCC Fees Payable:		
Fairfield Township	4,614.00	6,362.00
Hopewell Township	9,006.00	8,826.00
Interfund Payable:		
Due to Developers Escrow	158.16	3,203.75
Due to Grant Fund	292,145.71	-
	2,037,051.30	1,412,928.16
Reserve for Receivables and Other Assets	1,357,890.40	2,249,525.64
Fund Balance	3,344,476.30	2,407,777.38
Total Regular Fund	6,739,418.00	6,070,231.18
Federal and State Grant Fund:		
Unappropriated Reserves	380,836.53	-
Appropriated Reserves	1,247,092.05	1,026,454.13
Encumbrances Payable	54,455.06	211,898.21
Due to Utility Operating Fund	58,145.69	57,250.69
Due to Current Fund	-	421,860.35
	1,740,529.33	1,717,463.38
Total Federal and State Grant Fund	1,740,529.33	1,717,463.38
Total Current Fund	\$ 8,479,947.33	7,787,694.56

See accompanying Notes to Financial Statements - Regulatory Basis

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

	2021	2020
Revenue and Other Income Realized		
Fund Balance	\$ 1,459,070.44	1,409,960.06
Miscellaneous Revenue Anticipated	2,950,240.05	3,092,285.48
Receipts from Delinquent Taxes	497,165.84	462,747.16
Receipts from Current Taxes	20,812,490.76	19,796,929.65
Non Budget Revenue	941,078.07	734,771.59
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	458,631.23	472,568.35
Interfunds Returned	427,712.19	286.41
Grant Funds Cancelled	-	11,349.64
Total Income	27,546,388.58	25,980,898.34
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	991,060.00	1,016,510.00
Other Expenses	2,076,850.00	2,047,100.00
Deferred Charges & Statutory Expenditures	254,665.00	244,597.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	598,100.00	524,100.00
Other Expenses	705,098.75	596,984.46
Capital Improvements	420,000.00	669,100.00
Debt Service		
Deferred Charges	108,000.00	90,000.00
Local District School Tax	7,804,042.00	7,694,124.00
Regional District School Tax	4,127,075.00	3,928,532.00
County Tax	7,840,657.69	7,681,268.63
County Share of Added Tax	205,027.78	15,143.11
Refund of Prior Year's Revenue	-	500.00
Grant Funds Cancelled	-	11,349.64
Overpaid School Taxes	20,043.00	79,996.00
Prior Year Tax Appeal	-	115,942.07
Interfund Created	-	374,283.90
Total Expenditures	25,150,619.22	25,089,530.81
Excess/(Deficit) in Revenue	\$ 2,395,769.36	891,367.53

See accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>2021</u>	<u>2020</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	\$ -	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>2,395,769.36</u>	<u>891,367.53</u>
Fund Balance January 1	<u>2,407,777.38</u>	<u>2,926,369.91</u>
	4,803,546.74	3,817,737.44
Decreased by:		
Utilization as Anticipated Revenue	<u>1,459,070.44</u>	<u>1,409,960.06</u>
Fund Balance December 31	<u>\$ <u>3,344,476.30</u></u>	<u>2,407,777.38</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 1,459,070.44	-	1,459,070.44	-
Total Fund Balance Anticipated	<u>1,459,070.44</u>	<u>-</u>	<u>1,459,070.44</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Fines and Costs:				
Municipal Court	55,000.00	-	63,701.23	8,701.23
Total Section A: Local Revenues	<u>55,000.00</u>	<u>-</u>	<u>63,701.23</u>	<u>8,701.23</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	1,354,938.00	-	1,354,938.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>1,354,938.00</u>	<u>-</u>	<u>1,354,938.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	128,950.00	-	151,211.00	22,261.00
Total Section C: Uniform Construction Code Fees	<u>128,950.00</u>	<u>-</u>	<u>151,211.00</u>	<u>22,261.00</u>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section D: Special Items - Shared Service Agreements				
Cumberland Salem Regional Court	207,250.00	-	276,449.02	69,199.02
Deerfield Township - Uniform Construction Code	30,000.00	-	55,256.00	25,256.00
Fairfield Township - Uniform Construction Code	47,000.00	-	35,250.00	(11,750.00)
Greenwich Township - Uniform Construction Code	2,000.00	-	14,074.00	12,074.00
Hopewell Township - Uniform Construction Code	47,000.00	-	35,250.00	(11,750.00)
Stow Creek Township - Uniform Construction Code	12,000.00	-	22,528.00	10,528.00
Lawrence Township - Zoning/Housing	5,000.00	-	14,151.16	9,151.16
Shiloh Township - Uniform Construction Code	1,000.00	-	7,745.00	6,745.00
Pittsgrove Township - Financial Administration	44,800.00	-	48,564.00	3,764.00
Section D: Special Items - Shared Service Agreements	<u>396,050.00</u>	<u>-</u>	<u>509,267.18</u>	<u>113,217.18</u>
Section E: Special Items - Additional Revenues Off-Set with Appropriations				
Emergency Medical Services - Billings	334,000.00	-	284,806.21	(49,193.79)
Section E: Special Items - Additional Revenues Off-Set with Appropriations	<u>334,000.00</u>	<u>-</u>	<u>284,806.21</u>	<u>(49,193.79)</u>
Section F: Special Items - Public and Private Programs Off-Set with Appropriations				
Recycling Tonnage Grant	14,276.55	-	14,276.55	-
County of Cumberland - Alliance for Substance Abuse Prevention Program	7,917.33	-	7,917.33	-
Clean Communities Program	-	17,737.87	17,737.87	-
Municipal Alliance on Alcoholism and Drug Abuse	-	15,217.00	15,217.00	-
Small Cities Block Grant - Facilities	-	400,000.00	400,000.00	-
Small Cities Block Grant - Home Rehabilitation	-	107,000.00	107,000.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	<u>22,193.88</u>	<u>539,954.87</u>	<u>562,148.75</u>	<u>-</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items Uniform Fire Safety Act	25,926.23	-	24,167.68	(1,758.55)
Total Section G: Other Special Items	<u>25,926.23</u>	<u>-</u>	<u>24,167.68</u>	<u>(1,758.55)</u>
Total Miscellaneous Revenues:	2,317,058.11	539,954.87	2,950,240.05	93,227.07
Receipts from Delinquent Taxes	<u>420,000.00</u>		<u>497,165.84</u>	<u>77,165.84</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	1,102,256.91	-	1,455,254.87	352,997.96
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>1,102,256.91</u>	<u>-</u>	<u>1,455,254.87</u>	<u>352,997.96</u>
Budget Totals	<u>5,298,385.46</u>	<u>539,954.87</u>	<u>6,361,731.20</u>	<u>523,390.87</u>
Non-Budget Revenues: Other Non-Budget Revenues:	-	-	941,078.07	941,078.07
	<u>5,298,385.46</u>	<u>539,954.87</u>	<u>7,302,809.27</u>	<u>1,464,468.94</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections 20,812,490.76

Less: Reserve for Tax Appeals Pending -

Net Revenue from Collections 20,812,490.76

Allocated to:

School, County and Other Taxes 19,976,802.47

Balance for Support of Municipal Budget Appropriations 835,688.29

Increased by:

Appropriation "Reserved for Uncollected Taxes" 619,566.58

Amount for Support of Municipal Budget Appropriations 1,455,254.87

Receipts from Delinquent Taxes:

Delinquent Tax Collection 464,818.29

Tax Title Lien Collections 32,347.55

Total Receipts from Delinquent Taxes 497,165.84

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Abatements 52,414.48

Bid Packet Fee 552.60

Cable Franchise Fees 19,977.46

Convenience Center Stickers 1,920.00

Duplicate Tax Bills, Certificates of Redemption 525.00

Electricity Credit Rewards 154.05

Fire Safety Receipts 7,750.00

Homestead Rebate Admin Fees 412.80

Housing Official 54,320.00

Interest & Costs on Taxes 113,481.26

Interest on Investments 10,005.67

JIF Safety Money 4,300.00

Junkyard License 25.00

Lot Clearance - Boarding Up Properties 668.87

Marriage License - Township 93.00

Miscellaneous 222.20

Municipal Searches 10.00

Payments in Lieu of Taxes 295,893.15

Planning Board 4,120.00

Recycling Receipts 9,663.20

Sale of Municipal Assets 296,500.00

Senior & Vets Admin Fees 1,510.00

Statutory Excess Due from Dog Trust Fund 14,900.46

Street Opening Permits 3,050.00

Tax Title Lien Premiums 1,400.00

Verizon Franchise Fee 20,523.87

Vital Statistics 22,830.00

Zoning Official 3,855.00

Total Miscellaneous Revenue Not Anticipated: 941,078.07

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration	\$ 106,000.00	106,000.00	79,205.60	-	1,794.40	25,000.00
Salaries and Wages	21,000.00	21,000.00	15,569.27	1,620.53	3,810.20	
Other Expenses						
Mayor & Township Committee						
Salaries and Wages	64,600.00	64,600.00	64,532.00	-	68.00	
Other Expenses	10,000.00	10,000.00	9,977.42	-	22.58	
Municipal Clerk						
Salaries and Wages	30,000.00	30,000.00	28,571.13	-	1,428.87	
Other Expenses	26,000.00	36,000.00	22,202.71	446.42	13,350.87	
Financial Administration						
Salaries and Wages	82,000.00	82,000.00	55,776.30	-	1,223.70	25,000.00
Other Expenses	11,000.00	11,000.00	9,292.90	-	1,707.10	
Annual Audit	21,350.00	21,350.00	3,100.00	18,250.00	-	
Revenue Administration						
Salaries and Wages	68,000.00	68,000.00	56,307.46	-	11,692.54	
Other Expenses	12,000.00	12,000.00	10,943.45	336.61	719.94	
Tax Assessment						
Other Expenses	50,000.00	50,000.00	35,110.35	648.78	14,240.87	
Legal Services and Costs						
Other Expenses	85,000.00	58,000.00	35,160.49	230.30	22,609.21	-
Engineering Services & Costs						
Other Expenses	35,000.00	37,000.00	35,954.67	-	1,045.33	
Economic Development						
Salaries and Wages	500.00	500.00	70.00	-	430.00	
Other Expenses	35,000.00	25,000.00	19,854.25	-	5,145.75	
Historic Commission						
Salaries and Wages	500.00	500.00	210.00	-	290.00	
Other Expenses	13,000.00	13,000.00	10,947.10	9.75	2,043.15	
LAND USE ADMINISTRATION:						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board						
Salaries and Wages	9,100.00	9,100.00	225.00	-	8,875.00	
Other Expenses	62,500.00	62,500.00	26,716.50	8,128.25	27,655.25	
Zoning Officer						
Salaries and Wages	30,000.00	31,000.00	30,285.23	-	714.77	
Other Expenses	12,000.00	12,000.00	1,073.49	80.66	10,845.85	

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
CODE ENFORCEMENT & ADMINISTRATION:						
Housing Official						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-	-
Other Expenses	2,000.00	2,000.00	-	-	2,000.00	
INSURANCE:						
Liability Insurance	48,000.00	48,000.00	45,098.98	-	2,901.02	-
Workers' Compensation	105,000.00	105,000.00	98,497.02	-	6,502.98	
Employee Group Insurance	355,000.00	355,000.00	296,153.80	34,225.84	24,620.36	-
Payments in Lieu of Benefits	30,000.00	30,000.00	26,162.88	-	3,837.12	
PUBLIC SAFETY FUNCTIONS:						
Emergency Management						
Salaries and Wages	4,050.00	4,050.00	4,020.96	-	29.04	
Other Expenses	5,000.00	5,000.00	1,375.49	3,500.00	124.51	
Aid to Volunteer Fire Companies						
Other Expenses	117,000.00	117,000.00	87,737.18	28,874.21	388.61	
Utilities	38,500.00	38,500.00	26,030.64	3,441.99	9,027.37	
Ambulance						
Other Expenses	15,000.00	15,000.00	8,409.15	-	6,590.85	
Utilities	34,000.00	34,000.00	29,463.25	2,796.15	1,740.60	
First Aid Organization - Contribution	12,500.00	12,500.00	10,462.98	-	2,037.02	
Fire Safety Official						
Salaries and Wages	20,750.00	20,750.00	20,750.00	-	-	
Other Expenses	10,000.00	10,000.00	7,739.85	1,756.17	503.98	
Municipal Prosecutor						
Salaries and Wages	35,000.00	35,000.00	35,000.00	-	-	
Other Expenses	1,500.00	1,500.00	-	-	1,500.00	
PUBLIC WORKS FUNCTIONS:						
Streets and Roads						
Salaries and Wages	201,000.00	201,000.00	195,847.05	-	5,152.95	
Other Expenses	90,000.00	98,000.00	79,269.76	14,773.22	3,957.02	
Utilities	35,000.00	35,000.00	31,847.37	1,527.78	1,624.85	
Snow Removal						
Salaries and Wages	8,000.00	8,000.00	2,690.22	-	5,309.78	
Other Expenses	60,000.00	60,000.00	9,289.43	2,000.00	48,710.57	
Shade Tree Committee						
Other Expenses	8,000.00	8,000.00	-	-	8,000.00	
Solid Waste Convenience Center						
Salaries and Wages	90,000.00	90,000.00	80,826.42	-	9,173.58	
Other Expenses	40,000.00	40,000.00	36,033.74	680.00	3,286.26	
Utilities	12,000.00	12,000.00	10,637.39	1,232.33	130.28	

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Buildings and Grounds	50,500.00	50,500.00	41,529.94	-	8,970.06	
Salaries and Wages	40,000.00	40,000.00	34,812.71	919.52	4,267.77	
Other Expenses	35,000.00	35,000.00	32,636.63	1,975.62	387.75	
Utilities						
HEALTH AND HUMAN SERVICES:						
Board of Health	6,000.00	6,000.00	5,370.78	-	629.22	
Salaries and Wages	2,000.00	2,000.00	352.67	233.00	1,414.33	
Other Expenses						
Alliance for Substance Abuse	2,000.00	2,000.00	2,000.00	-	-	
Other Expenses						
Environmental Committee	910.00	910.00	910.00	-	-	
Salaries and Wages	3,000.00	3,000.00	581.65	-	2,418.35	
Other Expenses						
Animal Control	6,700.00	6,700.00	6,680.08	-	19.92	
Salaries and Wages	64,000.00	64,000.00	56,511.20	2,075.00	5,413.80	
Other Expenses						
PARKS AND RECREATION FUNCTIONS:						
Community Pride and Relations Committee	-	-	-	-	-	
Salaries and Wages	-	-	-	-	-	
Other Expenses						
Senior Center	26,000.00	26,000.00	20,001.89	-	5,998.11	
Salaries and Wages	10,000.00	10,000.00	8,876.80	335.50	787.70	
Other Expenses	14,000.00	14,000.00	9,627.67	600.00	3,772.33	
Utilities						

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Maintenance of Parks						
Salaries and Wages	41,000.00	41,000.00	31,442.68	-	9,557.32	
Other Expenses	43,000.00	43,000.00	24,489.84	1,098.81	17,411.35	
Utilities	5,000.00	5,000.00	3,160.24	300.00	1,539.76	
Bostwick Lake Commission						
Other Expenses	4,500.00	4,500.00	-	-	4,500.00	
OTHER OPERATING FUNCTIONS						
Accumulated Leave Compensation	1,000.00	1,000.00	1,000.00	-	-	
UTILITY EXPENSES & BULK PURCHASES						
Street Lighting	160,000.00	160,000.00	145,255.06	14,502.94	242.00	
SOLID WASTE DISPOSAL COSTS						
Landfill Disposal Cost	200,000.00	200,000.00	178,878.19	7,179.36	13,942.45	
Other Expenses						
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	41,000.00	41,000.00	25,617.26	-	15,382.74	
Other Expenses	49,000.00	49,000.00	25,055.45	10,346.06	13,598.49	
Public Defender						
Salaries and Wages	7,500.00	7,500.00	-	-	7,500.00	
Other Expenses	21,000.00	21,000.00	20,962.50	-	37.50	
UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	56,000.00	56,000.00	54,881.37	-	1,118.63	
Other Expenses	28,000.00	28,000.00	15.75	-	27,984.25	
Building Subcode Official						
Salaries and Wages	18,000.00	18,000.00	16,500.00	-	1,500.00	
Electrical Sub-code						
Salaries and Wages	12,000.00	12,000.00	12,000.00	-	-	
Plumbing Sub-code						
Salaries and Wages	11,000.00	11,000.00	11,000.00	-	-	
Fire Sub-code						
Salaries and Wages	2,550.00	2,550.00	-	-	2,550.00	
Elevator Sub-code						
Salaries and Wages	1,400.00	1,400.00	400.00	-	1,000.00	
TOTAL OPERATIONS WITHIN "CAPS"	3,133,910.00	3,117,910.00	2,474,979.24	164,124.80	428,805.96	50,000.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	3,133,910.00	3,117,910.00	2,474,979.24	164,124.80	428,805.96	50,000.00
Detail:						
Salaries and Wages	1,040,060.00	1,041,060.00	890,651.37	-	100,408.63	50,000.00
Other Expenses	2,093,850.00	2,076,850.00	1,584,327.87	164,124.80	328,397.33	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	153,165.00	153,165.00	153,165.00	-	-	-
Social Security System (O.A.S.I.)	80,000.00	80,000.00	71,830.79	-	8,169.21	-
Unemployment Compensation Insurance	10,000.00	10,000.00	8,248.09	-	1,751.91	-
DCRP	11,500.00	11,500.00	10,294.59	-	1,205.41	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	254,665.00	254,665.00	243,538.47	-	11,126.53	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	3,388,575.00	3,372,575.00	2,718,517.71	164,124.80	439,932.49	50,000.00
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
SHARED SERVICE AGREEMENTS						
Construction Code						
Salaries and Wages	98,000.00	98,000.00	97,641.25	-	358.75	-
Other Expenses	36,000.00	36,000.00	28,200.89	1,499.15	6,299.96	-
Cumberland Salem Regional Court						
Salaries and Wages	192,500.00	192,500.00	192,433.67	-	66.33	-
Other Expenses	14,750.00	14,750.00	11,884.60	-	2,865.40	-
Financial Administration - Pittsgrove Township						
Salaries and Wages	41,600.00	41,600.00	38,232.04	-	3,367.96	-
Other Expenses	3,200.00	3,200.00	2,924.75	-	275.25	-
Zoning Officer- Lawrence Township						
Salaries and Wages	2,500.00	2,500.00	2,500.00	-	-	-
Housing Officer - Lawrence Township						
Salaries and Wages	2,500.00	2,500.00	2,500.00	-	-	-
Total Shared Service Agreements	391,050.00	391,050.00	376,317.20	1,499.15	13,233.65	-

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES						
Ambulance	245,000.00	261,000.00	256,836.11	-	4,163.89	
Salaries and Wages	89,000.00	89,000.00	66,507.35	8,948.93	13,543.72	
Other Expenses						
Total Additional Appropriations Offset by Revenues	334,000.00	350,000.00	323,343.46	8,948.93	17,707.61	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Matching Funds for Grants	15,000.00	15,000.00				15,000.00
Clean Communities Program		17,737.87	17,737.87	-	-	
Small Cities- Home Rehabilitation		107,000.00	107,000.00	-	-	
Small Cities- Facilities Grant		400,000.00	400,000.00	-	-	
Municipal Alliance		15,217.00	15,217.00			
County of Cumberland - Alliance for Substance Abuse Prevention Program	7,917.33	7,917.33	7,917.33	-	-	
Recycling Tonnage	14,276.55	14,276.55	14,276.55	-	-	
Total Public and Private Programs	37,193.88	577,148.75	562,148.75	-	-	15,000.00
Total Operations - Excluded from "CAPS"	762,243.88	1,318,198.75	1,261,809.41	10,448.08	30,941.26	
Detail:						
Salaries and Wages	582,100.00	598,100.00	590,143.07	-	7,956.93	
Other Expenses	180,143.88	720,098.75	671,666.34	10,448.08	22,984.33	
CAPITAL IMPROVEMENTS						
Purchase of Emergency and Fire Vehicles	140,000.00	-	-			
Improvement of Roads		140,000.00	115,750.00	24,250.00	-	
Purchase of Land for Open Space/Farmland Preservation						
Recreation Improvements	25,000.00	25,000.00	25,000.00	-	-	
Improvements to Municipal Building and Facilities	25,000.00	25,000.00	25,000.00	-	-	
Purchase of Public Works Vehicles and Equipment	230,000.00	230,000.00	125,300.50	104,699.50	-	
Total Capital Improvements	420,000.00	420,000.00	291,050.50	128,949.50	-	-

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES						
Deferred Charges to Future Taxation Unfunded:						
Ord#706 Additions and Renovations to Amb Bldg.	70,000.00	70,000.00	70,000.00	-	-	
Ord#760 Purchase of Public Works Vehicle	10,000.00	10,000.00	10,000.00	-	-	
Ord#739 Purchase of Land	18,000.00	18,000.00	18,000.00	-	-	
Ord#778 Purchase of Basckhoe	10,000.00	10,000.00	10,000.00	-	-	
Total Deferred Charges	<u>108,000.00</u>	<u>108,000.00</u>	<u>108,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>1,290,243.88</u>	<u>1,846,198.75</u>	<u>1,660,859.91</u>	<u>139,397.58</u>	<u>30,941.26</u>	<u>15,000.00</u>
SUBTOTAL GENERAL APPROPRIATIONS (M) Reserve for Uncollected Taxes	<u>4,678,818.88</u>	<u>5,218,773.75</u>	<u>4,379,377.62</u>	<u>303,522.38</u>	<u>470,873.75</u>	<u>65,000.00</u>
TOTAL GENERAL APPROPRIATIONS	<u>619,566.58</u>	<u>619,566.58</u>	<u>619,566.58</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budget	<u>5,298,385.46</u>	<u>5,838,340.33</u>	<u>4,998,944.20</u>	<u>303,522.38</u>	<u>470,873.75</u>	<u>65,000.00</u>
Appropriations by 40A:4-87		5,298,385.46			Cancelled	65,000.00
Emergency Appropriation		539,954.87			Overexpended	-
Special Emergency Appropriations		-				
		<u>5,838,340.33</u>				<u>65,000.00</u>
Reserve for Uncollected Taxes			619,566.58			
Federal and State Grants			562,148.75			
Disbursements			3,817,228.87			
			<u>4,998,944.20</u>			

See accompanying Notes to Financial Statements - Regulatory Basis

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**EXHIBIT - B
TRUST FUND**

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

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>DOG TRUST FUND</u>		
Cash	\$ 25,970.99	31,228.64
	<u>25,970.99</u>	<u>31,228.64</u>
<u>OTHER TRUST FUND</u>		
Cash and Investments	1,098,437.07	951,558.57
Interfunds and Receivables:		
Due from Current Fund	158.16	3,203.75
	<u>1,098,595.23</u>	<u>954,762.32</u>
	<u>1,124,566.22</u>	<u>985,990.96</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>DOG TRUST FUND</u>		
Interfunds and Payables:		
Due to Current Fund	4.85	2,534.84
Reserve for Dog Fund Expenditures	25,959.14	28,679.60
Due to State of New Jersey	7.00	14.20
	<u>25,970.99</u>	<u>31,228.64</u>
<u>OTHER TRUST FUND</u>		
Interfunds and Payables:		
Due to Current Fund	17.35	83.95
Encumbrances Payable	-	343.75
Reserve for:		
Developer's Escrow	371,033.82	263,218.11
Redemption of Outside Liens	33,560.78	-
Tax Sale Premiums	90,300.00	136,800.00
Municipal Alliance	6,570.38	7,346.21
Public Defender	6,160.92	2,045.92
Accumulated Absences	86,559.75	85,559.75
Board of Recreation	23,408.00	23,008.00
Storm Recovery	206,009.14	212,004.14
Affordable Housing	121,102.19	107,609.04
Landfill Closure	40,662.71	40,601.44
Uniform Fire Safety Penalty	283.02	283.02
Senior Center Donations	2,197.03	2,194.01
Small Cities Revolving Loan	89,726.89	73,580.98
Payroll Flex & SI	20,913.25	-
POAA	90.00	84.00
	<u>1,098,595.23</u>	<u>954,762.32</u>
	<u>\$ 1,124,566.22</u>	<u>985,990.96</u>

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EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 602,656.88	353,157.32
Deferred Charges to Future Taxation - Unfunded	440,922.93	572,411.03
	<u>1,043,579.81</u>	<u>925,568.35</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	31,000.00	17,167.70
Interfunds:		
Due to Current Fund	58.99	3,774.62
Improvement Authorizations:		
Funded	-	1,189.55
Unfunded	113,680.83	116,340.83
Capital Improvement Fund	168,473.05	165,869.77
Reserve for Sanitary Landfill Closure	295,980.50	295,980.50
Reserve for Expansion of Facilities for Township Parks	1,667.94	1,667.94
Reserve for Purchase of Land - Farmland Preservation	11,151.03	11,151.03
Reserve for Improvements to Convenience Center	23,692.70	23,692.70
Reserve for Construction of a Senior Center	10,000.00	10,000.00
Reserve for Improvements to Roads	125,494.59	47,994.59
Reserve for Purchase of Public Works Vehicle	12,954.41	39,940.00
Reserve for Improvements to Municipal Buildings and Facilities	67,875.00	42,875.00
Reserve for Equipment Purchases - Volunteer Fire Companies	125,600.00	105,600.00
Reserve for Purchase of Playground Equipment	38,626.65	25,000.00
Fund Balance	17,324.12	17,324.12
	<u>\$ 1,043,579.81</u>	<u>925,568.35</u>

There were bonds and notes authorized but not issued at December 31 (C - 10)

2020	572,411.03
2021	440,922.93

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

	2021	2020
Beginning Balance January 1	\$ 17,324.12	17,324.12
Increased by:		
None		
Decreased by:		
None		
Ending Balance December 31	\$ 17,324.12	17,324.12

**EXHIBIT - D
WATER & SEWER
UTILITY FUND**

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2021	2020
ASSETS		
Operating Fund:		
Cash	\$ 1,240,774.92	\$ 1,110,721.63
Interfunds and Receivables		
Due from Utility Capital Fund	111.88	315.44
Due from Grant Fund	58,145.69	57,250.69
	1,299,032.49	1,168,287.76
Receivables and Other Assets with Full Reserves:		
Utility Accounts Receivable	317,167.73	337,458.41
Fire Suppression Lines Receivable	-	8,726.59
Utility Liens	-	3,342.79
	317,167.73	349,527.79
Total Operating Fund	1,616,200.22	1,517,815.55
Capital Fund:		
Cash - Treasurer	877,018.92	877,222.48
Fixed Capital - Complete	10,905,136.05	10,905,136.05
Fixed Capital - Authorized and Uncomplete	1,130,000.00	530,000.00
Total Capital Fund	12,912,154.97	12,312,358.53
	\$ 14,528,355.19	\$ 13,830,174.08

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2021</u>	<u>2020</u>
Operating Fund:		
Appropriation Reserves	\$ 38,772.67	\$ 19,447.77
Reserve for Encumbrances	65,633.34	50,619.35
Overpaid Utility Rents	7,351.82	4,378.85
Accrued Interest on Bonds and Notes	13,601.62	13,789.65
Interfunds:		
Due to Current Fund	1,113.06	991.12
Due to Grant Fund	-	-
Due to General Capital Fund	-	-
	<u>126,472.51</u>	<u>89,226.74</u>
 Reserve for Receivables	 317,167.73	 349,527.79
Fund Balance	1,172,559.98	1,079,061.02
 Total Operating Fund	 <u>1,616,200.22</u>	 <u>1,517,815.55</u>
Capital Fund:		
Encumbrances Payable	385,150.00	-
Loan Payable	4,696,519.43	4,840,764.49
Interfunds:		
Due to Utility Operating Fund	111.88	315.44
Improvement Authorizations:		
Funded	-	123,957.85
Unfunded	214,850.00	-
Reserve for Water Tower Repairs	44,682.54	44,682.54
Reserve for Love Lane Tower Improvements	117,765.54	117,765.54
Reserve for Radionuclide Treatment	126,450.01	2,492.16
Reserve for Water Valve Trailer	65,000.00	65,000.00
Reserve for Amortization	6,238,616.62	6,064,371.56
Deferred Reserve for Amortization	530,000.00	530,000.00
Capital Improvement Fund	438,045.23	468,045.23
Fund Balance	54,963.72	54,963.72
 Total Capital Fund	 <u>12,912,154.97</u>	 <u>12,312,358.53</u>
	<u>\$ 14,528,355.19</u>	<u>\$ 13,830,174.08</u>

There were bonds and notes authorized but not issued at December 31 (D - 15)

2020	-
2021	570,000.00

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Fund Balance	\$ 223,950.00	\$ 139,950.00
Sewer Rents	984,567.55	932,193.94
Water Rents	903,920.15	846,916.85
Fire Suppression Line Fees	58,115.88	53,944.53
Tower Rental	54,054.00	54,054.00
Miscellaneous Revenue Not Anticipated	29,252.92	437,925.72
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	25,000.43	10,409.54
Encumbrances Payable Cancelled		652.49
Total Income	<u>2,278,860.93</u>	<u>2,476,047.07</u>
Expenditures		
Operations	1,650,450.00	1,606,600.00
Capital Improvements	-	100,000.00
Debt Service	292,461.97	292,207.40
Deferred Charges and Statutory Expenditures	18,500.00	17,350.00
Total Expenditures	<u>1,961,411.97</u>	<u>2,016,157.40</u>
Excess/(Deficit) in Revenue	<u>317,448.96</u>	<u>459,889.67</u>
Fund Balance January 1	<u>1,079,061.02</u>	<u>759,121.35</u>
	1,396,509.98	1,219,011.02
Decreased by:		
Utilization as Anticipated Revenue	<u>223,950.00</u>	<u>139,950.00</u>
Fund Balance December 31	<u>\$ 1,172,559.98</u>	<u>\$ 1,079,061.02</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2021	2020
Beginning Balance January 1	\$ 54,963.72	53,213.72
Increased by:		
Improvement Authorizations Cancelled	-	1,750.00
	54,963.72	54,963.72
Ending Balance December 31		

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 223,950.00	223,950.00	-
Sewer Rents	930,000.00	984,567.55	54,567.55
Water Rents	845,000.00	903,920.15	58,920.15
Fire Suppression Line Fees	54,000.00	58,115.88	4,115.88
Tower Rental	54,000.00	54,054.00	54.00
Miscellaneous Revenue Not Anticipated	-	29,252.92	29,252.92
	<u>\$ 2,106,950.00</u>	<u>2,253,860.50</u>	<u>146,910.50</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	\$ 1,880,766.06
Prepayments & Overpayments Applied	4,378.85
Liens Collected	3,342.79
	<u>1,888,487.70</u>

Miscellaneous Revenue Not Anticipated

Interest on Investments	2,607.22
Interest & Costs on Utility	9,453.76
Water Meter Fees	5,362.52
Water Cap Fee	8,136.00
Water Inspection Fee	200.00
Tax Title Liens	3,381.54
Miscellaneous	111.88
	<u>\$ 29,252.92</u>

See accompanying Notes to Financial Statements - Regulatory Basis

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended, Unexpended Balance Cancelled)
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 220,000.00	220,000.00	201,446.01		18,553.99	
Other Expenses	765,450.00	765,450.00	643,038.01	65,633.34	17,778.65	39,000.00
Sewerage Treatment Contract - Cumberland County Util. Auth.	740,000.00	740,000.00	703,474.41		525.59	36,000.00
Matching Funds for Small Cities Facilities Grant	20,000.00	20,000.00			-	20,000.00
	<u>1,745,450.00</u>	<u>1,745,450.00</u>	<u>1,547,958.43</u>	<u>65,633.34</u>	<u>36,858.23</u>	<u>95,000.00</u>
Capital Improvements:						
Improvements to Love Lane Facility	50,000.00	50,000.00	-	-	-	50,000.00
	<u>50,000.00</u>	<u>50,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000.00</u>
Debt Service:						
Payment of Bond Principal	150,500.00	150,500.00	150,161.50		-	338.50
Interest on Bonds	142,500.00	142,500.00	142,300.47		-	199.53
	<u>293,000.00</u>	<u>293,000.00</u>	<u>292,461.97</u>	<u>-</u>	<u>-</u>	<u>538.03</u>
Deferred Charges and Statutory Expenditures:						
Social Security System	17,500.00	17,500.00	15,756.39		1,743.61	
Unemployment Compensation Insurance	1,000.00	1,000.00	829.17		170.83	
	<u>18,500.00</u>	<u>18,500.00</u>	<u>16,585.56</u>	<u>-</u>	<u>1,914.44</u>	<u>-</u>
	<u>\$ 2,106,950.00</u>	<u>2,106,950.00</u>	<u>1,857,005.96</u>	<u>65,633.34</u>	<u>38,772.67</u>	<u>145,538.03</u>

See accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

**GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Land Buildings and Improvements	\$ 1,795,996.32	1,795,996.32
Buildings and Improvements	7,621,850.52	7,617,793.39
Machinery and Equipment	6,074,425.05	5,983,138.46
Vehicles	2,693,291.67	2,651,996.17
	<u>18,185,563.56</u>	<u>18,048,924.34</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Investment in General Fixed Assets	\$ <u>18,185,563.56</u>	<u>18,048,924.34</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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NOTES TO THE FINANCIAL STATEMENTS

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

The Township of Upper Deerfield was incorporated in 1922. The Township is located in Cumberland County and is primarily a rural farming community, 31.4 square miles in size with a population of 7,702 according to the 2020 Federal Census.

The Township operates under a five-member Township Committee. The Township Committee appoints the Mayor at the annual reorganization meeting. The Mayor is the Chief Executive Officer of the Township and is assisted by the Township Committee.

B. Description of Funds

The accounting policies of the Township of Upper Deerfield 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 Deerfield 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.

Water and Sewer Operating and Capital Funds -- account for the operations of the Water and Sewer utility and acquisition of Water and Sewer capital facilities other than those acquired in the Current and General Capital Funds.

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.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow a modified accrual basis of accounting is followed with minor exceptions.

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual 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 entity has developed a fixed-assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$1,000.00 are capitalized. No depreciation has been provided for in the financial statements.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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.

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

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

Levy of Utility Charges – The entity operates a Water and Sewer utility fund. Rates are determined by ordinance and changed as necessary. Water and Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on February 1, May 1, August 1 and November 1.

Interest on Delinquent Utility Charges - It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge one and one-half percent (1.5%) per month on charges becoming delinquent after due date. There is a ten-day grace period.

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

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

D. Required Financial Statements

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

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

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

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement, which is effective for periods ending December 31, 2021, 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 periods beginning after June 15, 2021, and all reporting periods thereafter, 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, 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.

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 2021 and 2020 statutory budgets included a reserve for uncollected taxes in the amount of \$619,566.58 and \$545,719.32. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$1,459,070.44 and \$1,409,690.06. In addition, the entity operates a self-liquidating Water and Sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$223,950.00 and \$139,950.00.

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**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by The Township Committee. The following significant budget transfers were approved in the 2021 and 2020 calendar years:

	<u>2021</u>	<u>2020</u>
No Significant Transfers	\$ -	-

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2021 and 2020, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2021</u>	<u>2020</u>
Clean Communities Program	\$ 17,737.87	16,628.16
NJ Department of Transportation	-	279,100.00
Municipal Alliance	15,217.00	-
Small Cities Block Grant	507,000.00	-
Total	<u>\$ 539,954.87</u>	<u>295,728.16</u>

Note 3: INVESTMENTS

As of December 31, 2021 and 2020, the municipality held no investments.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2021, and 2020, \$391,113.18 of the municipality’s bank balance of \$9,283,875.56, and \$0.00 of the municipality’s bank balance of \$8,047,350.40, was exposed to custodial credit risk, respectively.

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**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 5: FIXED ASSETS

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

	Balance 12/31/2019	Additions/ Adjustments	Retirements/ Adjustments	Balance 12/31/2020
Land Buildings & Improvements	9,306,893.39	106,896.32	-	9,413,789.71
Machinery & Equipment	8,463,214.54	313,920.09	142,000.00	8,635,134.63
	<u>\$ 17,770,107.93</u>	<u>420,816.41</u>	<u>142,000.00</u>	<u>18,048,924.34</u>

	Balance 12/31/2020	Additions/ Adjustments	Retirements/ Adjustments	Balance 12/31/2021
Land Buildings & Improvements	9,413,789.71	4,057.13	-	9,417,846.84
Machinery & Equipment	8,635,134.63	133,481.09	899.00	8,767,716.72
	<u>\$ 18,048,924.34</u>	<u>137,538.22</u>	<u>899.00</u>	<u>18,185,563.56</u>

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/19	Issued	Retired	Balance 12/31/20
Bond Anticipation None	-	-	-	-

	Balance 12/31/20	Issued	Retired	Balance 12/31/21
Bond Anticipation None	-	-	-	-

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**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 7: LONG TERM DEBT

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

	Balance 12/31/19	Issued	Retired	Balance 12/31/20	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ -			-	-
Utility	4,986,140.57		145,376.08	4,840,764.49	150,185.74
Total	4,986,140.57	-	145,376.08	4,840,764.49	150,185.74
Compensated Absences Payable	62,599.12	6,534.64	-	69,133.76	-
Total long-term liabilities	<u>\$ 5,048,739.69</u>	<u>6,534.64</u>	<u>145,376.08</u>	<u>4,909,898.25</u>	<u>150,185.74</u>
	Balance 12/31/20	Issued	Retired	Balance 12/31/21	Amounts Due Within One Year
Bonds and Loans payable:					
General	\$ -			-	-
Utility	4,840,764.49		144,245.06	4,696,519.43	155,210.02
Total	4,840,764.49	-	144,245.06	4,696,519.43	155,210.02
Compensated Absences Payable	69,133.76	15,946.77	3,483.64	81,596.89	-
Total long-term liabilities	<u>\$ 4,909,898.25</u>	<u>15,946.77</u>	<u>147,728.70</u>	<u>4,778,116.32</u>	<u>155,210.02</u>

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Township:

None.

Outstanding bonds whose principal and interest are paid from the Water and Sewer Utility Operating Fund of the Township:

\$2,378,100.00 Farmers Home Administration Loan dated May 10, 1994, payable in semi-annual installments through May 10, 2034. Interest is paid semi-annually at a rate of 4.5% per annum. The balance remaining as of December 31, 2021, was \$1,218,753.43.

\$2,299,000.00 United States Department of Agriculture Rural Development Loan dated May 1, 2011, payable in semi-annual installments through May 1, 2051. Interest is paid semi-annually at a rate of 2.75% per annum. The balance remaining as of December 31, 2021, was \$1,913,584.60.

\$1,887,000.00 United States Department of Agriculture Rural Development Loan dated May 28, 2012, payable in semi-annual installments through May 28, 2052. Interest is paid semi-annually at a rate of 2% per annum. The balance remaining as of December 31, 2021, was \$1,564,181.40.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt and Issued and Outstanding

Year	General Capital Fund		Water & Sewer Utility Fund	
	Principal	Interest	Principal	Interest
2022	None	None	155,210.02	137,439.98
2023	None	None	160,553.42	132,096.58
2024	None	None	166,099.62	126,550.38
2025	None	None	171,856.93	120,793.07
2026	None	None	177,833.87	114,816.13
2027-2031	None	None	987,136.51	476,113.49
2032-2036	None	None	834,599.28	303,336.66
2037-2041	None	None	604,945.93	214,544.07
2042-2046	None	None	682,447.02	137,042.98
2047-2051	None	None	721,915.99	50,007.01
2052	None	None	33,920.84	461.16
	None	None	4,696,519.43	1,813,201.51

As of December 31, 2021, the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$0.00 and to the utility budget was \$142,300.47.

<u>Summary of Municipal Debt</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ -	\$ -	\$ -
Sewer Utility - Bonds and Notes	4,696,519.43	4,840,764.49	4,986,140.57
Total Issued	4,696,519.43	4,840,764.49	4,986,140.57
<u>Authorized but not issued:</u>			
General - Bonds and Notes	440,922.93	572,411.03	758,640.19
Sewer Utility - Bonds and Notes	570,000.00	-	-
Total Authorized But Not Issued	1,010,922.93	572,411.03	758,640.19
Total Bonds & Notes Issued and Authorized But Not Issued	\$ 5,707,442.36	\$ 5,413,175.52	\$ 5,744,780.76

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 0.068%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 380,000.00	380,000.00	-
Regional School District Debt	1,476,534.96	1,476,534.96	-
Sewer Utility Debt	5,266,519.43	5,266,519.43	-
General Debt	440,922.93	-	440,922.93
	\$ 7,563,977.32	7,123,054.39	440,922.93

Net Debt \$440,922.93 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$644,991,060.67 = 0.068%.

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**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	22,574,687.12
Net Debt		440,922.93
Remaining Borrowing Power	\$	<u><u>22,133,764.19</u></u>

Calculation of “Self-Liquidating Purpose”, Water and Water and Sewer Utility Per N.J.S.A. 40A:2-45:

Cash Receipts from Fees, Rents or Other Charges for the Year		\$	2,278,860.93
Deductions:			
Operating & Maintenance Costs	\$		1,650,450.00
Debt Service per Water and Sewer Utility Fund			292,461.97
Deferred Charges		<u>18,500.00</u>	
Total Deductions			<u>1,961,411.97</u>
Excess in Revenue		\$	<u><u>317,448.96</u></u>

Note 8: FUND BALANCES APPROPRIATED

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

	<u>2022</u>	<u>2021</u>
Current Fund	\$ 1,815,306.52	1,459,070.44
Water and Sewer Utility	273,000.00	223,950.00

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, the Township has no deferred charges.

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$7,804,042.00 and \$7,694,124.00 have been raised for the 2021 and 2020 calendar years and remitted or due to the school district. 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.

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

	<u>12/31/2021</u>	<u>12/31/2020</u>
Balance of Tax Deferred	\$ (12,433.50)	\$ 40.00
	-	-
Tax Payable	<u><u>\$ (12,433.50)</u></u>	<u><u>\$ 40.00</u></u>

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Regional District School Tax in the amounts of \$4,127,075.00 and \$3,928,532.00 have been raised for the 2021 and 2020 calendar years and remitted or due to the school district. 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.

Regional District School Taxes have been raised resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2021	12/31/2020
Balance of Tax	\$ (7,609.50)	\$ (147,615.34)
Deferred	-	-
Tax Payable	<u>\$ (7,609.50)</u>	<u>\$ (147,615.34)</u>

Note 11: 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 12/31/21	Balance 12/31/20
Prepaid Taxes	<u>\$ 451,205.31</u>	<u>\$ 372,634.48</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 451,205.31</u>	<u>\$ 372,634.48</u>

Note 12: PENSION FUNDS

Description of Plans

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

Public Employees' Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

PERS provided for employee contributions of 7.5% through June 30, 2020 and 7.5% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The entity's contributions to PERS for the years ended December 31, 2021, 2020, and 2019 were \$153,165.00, \$143,597.00, and \$152,519.00.

The total payroll for the year ended December 31, 2021, 2020 and 2019 was \$1,725,169.33, \$1,670,758.50, and \$1,610,441.66. Payroll covered by PERS was \$1,015,988.00 for 2021.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, 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.
- 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 PERS, and employer contributions to the retirement systems.

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

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 13: 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, 2020:

Public Employees' Retirement System

The Municipality has a liability of \$2,283,214.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The 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, 2020, the Municipality's proportion would be 0.0140011025%, which would be a decrease of 23% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of (\$173,030.00). At December 31, 2020, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 42,337.00	\$ -
Changes of assumptions		(885,641.00)
Changes in proportion		(402,242.00)
Net difference between projected and actual earnings on pension plan investments		(32,550.00)
Total	<u>\$ 42,337.00</u>	<u>\$ (1,320,433.00)</u>

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	\$ (475,311.98)
2022	(433,340.01)
2023	(247,642.75)
2024	(100,142.55)
2025	(21,658.71)
Total	<u>\$ (1,278,096.00)</u>

**TOWNSHIP OF UPPER DEERFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

Actuarial Assumptions

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

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

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

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

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

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**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Discount Rate

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

Sensitivity of the 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 2,719,301.57	\$ 2,283,214.00	\$ 1,913,657.60

Pe

ension plan fiduciary net position.

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

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 14 – 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 negotiations agreement.

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

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 Township 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, 2020 were \$5,512,481,278 and \$12,598,993,950, 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 non special funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and non-employer allocation percentages have been rounded for presentation purposes.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020 is as follows:

	June 30, 2020	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,111,475,228	\$ 3,823,875
Plan Fiduciary Net Position	164,862,282	34,807
Net OPEB Liability	<u>\$ 17,946,612,946</u>	<u>\$ 3,789,068</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	0.91%

At June 30, 2020 the Township's proportionate share of the Collective Net OPEB Liability was \$3,789,068.00. The Township's proportion of the Collective Net OPEB Liability was 0.021113% which was an increase from the prior year of 7.33%.

For the Year ended June 30, 2020 the Township's Total OPEB Expense was \$(140,227.00). The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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%
PFRS	
Rate for all future years	3.25% to 15.25%

* 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-2020

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

Actuarial assumptions used in the July 1, 2019 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.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2020, 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:

		<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Collective				
Net OPEB Liability	\$	21,216,688,254.00	\$	17,946,612,946.00
				\$ 15,358,051,000.00
Proportionate Share				
Net OPEB Liability	\$	4,479,478.93	\$	3,789,068.00
				\$ 3,242,544.97

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

The following presents the net OPEB liability as of June 30, 2020, 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:

		<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Collective				
Net OPEB Liability	\$	14,850,840,718.00	\$	17,946,612,946.00
				\$ 22,000,569,109.00
Proportionate Share				
Net OPEB Liability	\$	3,135,457.68	\$	3,789,068.00
				\$ 4,644,979.68

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

At June 30, 2018, 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	\$ 472,699,992.00	\$ (3,341,994,109.00)	\$ 2,406.00	\$ (705,595.00)
Changes of assumptions	2,684,248,513.00	(3,991,049,511.00)	566,725.00	(842,630.00)
Net difference between projected and actual earnings on OPEB plan investments	11,397,084.00		99,801.00	
Changes in proportion and differences between contributions and proportionate share of contributions			280,471.00	(962,862.00)
Total	\$ 3,168,345,589.00	\$ (7,333,043,620.00)	\$ 949,403.00	\$ (2,511,087.00)

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
2021	\$ (964,720,007.00)	\$ (361,751.99)
2022	(965,594,678.00)	(362,079.98)
2023	(967,008,484.00)	(362,610.13)
2024	(968,300,349.00)	(363,094.55)
2025	(660,258,014.00)	(247,584.43)
Thereafter	361,183,501.00	135,437.07
Total	\$ (4,164,698,031.00)	\$ (1,561,684.00)

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, 2020 are as follows:

Service cost	\$ 605,949,339
Interest on Total OPEB Liability	497,444,533
Expected Investment Return	(7,632,336)
Administrative Expenses	9,913,267
Changes of Benefit Terms	1,034,142
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(550,598,668)
Changes in Assumptions	(418,656,482)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,535,144
Total Collective OPEB Expense	\$ 141,988,939

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Schedule of Township's Share of Net OPEB Liability

	<u>2020</u>	<u>2019</u>
Township's Proportionate Share of Net OPEB Liability	\$ 0.021113%	0.019672%
Township's Share of Net OPEB Liability	3,789,068.00	2,664,783.00
Township's Covered Payroll	N/A	N/A
Township's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.97%	1.97%

Note 14: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted eligible employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$81,596.89 in 2021 and \$69,133.76 in 2020. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey.

Note 15: ECONOMIC DEPENDENCY

The Township of Upper Deerfield is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

Note 16: RISK MANAGEMENT

The entity 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 entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2021 and 2020 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Note 17: CONTINGENT LIABILITIES

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

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**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 18: INTERFUND BALANCES

During the most current calendar year ended December 31, 2021, the following inter-funds were included on the balance sheets of the various funds of the Township of Upper Deerfield:

	Due From	Due To
	<u> </u>	<u> </u>
Current Fund:		
Grant Fund	-	292,145.71
Trust - Other Fund	22.20	158.16
General Capital	58.99	-
Sewer Capital Fund	-	-
Sewer Operating Fund	1,113.06	-
Grant Fund:		-
Current Fund	292,145.71	-
General Capital Fund	-	-
Sewer Operating Fund	-	58,145.69
Trust Fund:		-
Current Fund	158.16	22.20
General Capital Fund:		-
Current Fund	-	58.99
Sewer Operating Fund	-	-
Grant Fund	-	-
Sewer Operating:		-
Current Fund	-	1,113.06
Grant Fund	58,145.69	-
General Capital	-	-
Sewer Capital Fund	111.88	-
Sewer Capital Fund:		-
Current Fund	-	-
Sewer Operating Fund	-	111.88
	<u>351,755.69</u>	<u>351,755.69</u>

The amounts due to the Grant fund from the Current fund is due to there is only one bank account for the Current Fund and the Grant Fund. The interfund that exists between the Grant and Sewer Operating Fund is a result of funds remaining from the prior year that need to be transferred. The remaining inter-funds are due to amounts from prior years that should have been transferred to the proper bank accounts.

Note 19: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through August 19, 2022, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and
Members of the Township Committee
Township of Upper Deerfield
County of Cumberland, 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 Deerfield, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 19, 2022, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Upper Deerfield 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 on 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 statements. 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

August 19, 2022

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiency identified? **NO**

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

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

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

MANAGEMENT RESPONSES

Not Applicable

STATUS OF PRIOR YEAR FINDINGS

None.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2020	\$ 3,820,185.54	
Increased by Receipts:		
Tax Collector	21,052,066.54	
Revenue Accounts Receivable	2,388,091.30	
Miscellaneous Revenue	916,428.07	
Due from State of NJ - Seniors & Vets	75,500.00	
Due from State of NJ - Homestead Rebates	263,261.15	
Payroll		
Uniform Construction DCA Fees	27,668.00	
Uniform Construction DCA Fees - Fairfield Township	53,928.00	
Uniform Construction DCA Fees - Hopewell Township	33,012.00	
Due to Grant Fund	714,006.06	
Due from General Capital	3,715.63	895.00
Due from Utility Operating		
Due from Animal Control	2,529.99	
Due from Trust Funds:		
Uniform Fire Safety	0.07	
Accumulated Absences	1.05	
Tax Sale Premium	63.47	
Senior Citizen Center	0.56	
Public Defender	1.09	
Recreation	6.48	
Marriage Licenses Due to State of NJ		
Federal and State Unappropriated		380,836.53
Federal and State Grant Receivables		831,228.51
	25,531,128.46	1,212,960.04
	29,351,314.00	1,212,960.04

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Decreased by Disbursements:		
Current Year Appropriation	3,817,228.87	
Prior Year Appropriations	186,346.37	
County Taxes	7,855,800.79	
Local District School Taxes	7,816,515.50	
Regional School Taxes	4,134,684.50	
Uniform Construction DCA Fees	34,845.00	
Uniform Construction DCA Fees - Fairfield Township	55,676.00	
Uniform Construction DCA Fees - Hopewell Township	32,832.00	
Payroll Taxes Payable	32,154.72	
Tax Overpayments	-	
Marriage Licenses Due to State of NJ	1,049.00	
Due from Utility Operating Fund	121.94	
Due from Current Fund		714,006.06
Due from To Funds:		
Due to Developers Escrow	3,045.59	
Storm Recovery	3.08	
Supplemental Insurance	0.80	
POAA	0.12	
Flex Trust	2.12	
Federal and State Grant Disbursements		498,953.98
	23,970,306.40	1,212,960.04
Balance December 31, 2021	\$ 5,381,007.60	-

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2020		\$	-
Increased by Receipts:			
Prepaid Taxes	451,205.31		
Taxes Receivable	20,535,717.68		
Tax Title and Other Liens	32,347.55		
Overpayments	32,796.00		
	<hr/>		<hr/>
			21,052,066.54
			21,052,066.54
Payments to Treasurer			<hr/>
			21,052,066.54
Balance December 31, 2021		\$	<hr/> <hr/>

See accompanying Notes to Financial Statements - Regulatory Basis

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

Year	Balance Dec. 31, 2020	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2021
				2020	2021			
2018	\$ 1,421.10				986.78			434.32
2019	2,783.07		1,946.88		2,287.92			2,442.03
2020	474,507.54		2,006.68		461,543.59	891.36	979.44	13,099.83
	478,711.71	-	3,953.56	-	464,818.29	891.36	979.44	15,976.18
2021		20,897,725.94	541,535.98	372,634.48	20,439,856.28	78,832.84	67,098.17	480,840.15
	\$ 478,711.71	20,897,725.94	545,489.54	372,634.48	20,904,674.57	79,724.20	68,077.61	496,816.33

Cash Receipts - Tax Collector
 Overpayments Applied
 Homestead Rebates
 Senior Citizens and Veterans
20,904,674.57

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax
 Added Taxes (54:4-63.1 et. Seq.)
20,897,725.94
545,489.54
21,443,215.48

Tax Levy:
 General County Taxes
 County Open Space Taxes
 County Health Taxes
 County Added and Omitted Taxes
 Total County Taxes
 Local School District Tax
 Regional School District Tax
 Local Tax for Municipal Purposes
 Add: Additional Tax Levied
1,102,256.91
364,156.10
1,466,413.01
21,443,215.48

See accompanying Notes to Financial Statements - Regulatory Basis

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

Balance December 31, 2020		\$ 237,131.98
Increased by:		
Transfers from Taxes Receivable	68,077.61	
Other	2,638.23	
	<hr/>	<hr/>
		70,715.84
		307,847.82
Decreased by:		
Collections	32,347.55	
	<hr/>	<hr/>
		32,347.55
Balance December 31, 2021		\$ <u><u>275,500.27</u></u>

See accompanying Notes to Financial Statements - Regulatory Basis

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance	Accrued	Collected in		Balance
	Dec. 31, 2020	in 2021	Prior Year	Current Year	Dec. 31, 2021
Energy Receipts Tax	\$ 1,354,938.00	1,354,938.00	-	1,354,938.00	-
Municipal Court	4,089.69	63,406.68	-	63,701.23	3,795.14
Cumberland Salem Regional Court		276,449.02	-	276,449.02	-
Pittsgrove Township - Financial Administration		48,564.00	-	48,564.00	-
Uniform Construction Code Fees		151,211.00	-	151,211.00	-
Uniform Fire Safety Act		24,167.68	-	24,167.68	-
Emergency Medical Services - Billings		284,806.21	-	284,806.21	-
Lawrence Township - Zoning/Housing		14,151.16	-	14,151.16	-
Deerfield Township - Uniform Construction Code		55,256.00	-	55,256.00	-
Fairfield Township - Uniform Construction Code		35,250.00	-	35,250.00	-
Stow Creek Township - Uniform Construction Code		22,528.00	-	22,528.00	-
Shiloh Township - Uniform Construction Code		7,745.00	-	7,745.00	-
Hopewell Township - Uniform Construction Code		35,250.00	-	35,250.00	-
Greenwich Township - Uniform Construction Code		14,074.00	-	14,074.00	-
Miscellaneous Revenue Not Anticipated		941,078.07	24,650.00	916,428.07	-
	<u>\$ 4,089.69</u>	<u>3,328,874.82</u>	<u>24,650.00</u>	<u>3,304,519.37</u>	<u>3,795.14</u>
	Current Year Collections			3,304,519.37	
	Prior Year Collections			24,650.00	
				<u>3,329,169.37</u>	

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT:				
General Administration	\$ 11,684.00	11,684.00	-	11,684.00
Salaries and Wages	4,370.26	4,370.26	1,279.16	3,091.10
Other Expenses				
Mayor and Township Committee				
Salaries and Wages	234.00	234.00	-	234.00
Other Expenses	3,772.13	3,772.13	3,290.00	482.13
Municipal Clerk				
Salaries and Wages	1,392.64	1,392.64	-	1,392.64
Other Expenses	12,854.08	12,854.08	840.31	12,013.77
Financial Administration				
Salaries and Wages	10,566.05	10,566.05	-	10,566.05
Other Expenses	5,495.57	5,495.57	339.33	5,156.24
Audit Services				
Other Expenses	18,250.00	18,250.00	18,250.00	-
Revenue Administration				
Salaries and Wages	880.29	880.29	-	880.29
Other Expenses	3,227.52	3,227.52	507.28	2,720.24
Tax Assessment				
Other Expenses	14,802.54	14,802.54	1,898.01	12,904.53
Legal Services and Costs				
Other Expenses	17,382.70	17,382.70	4,095.05	13,287.65
Engineering Services and Costs				
Other Expenses	1,656.50	1,656.50	-	1,656.50
Economic Development				
Salaries and Wages	430.00	430.00	-	430.00
Other Expenses	4,422.45	4,422.45	-	4,422.45
Historic Commission				
Salaries and Wages	490.00	490.00	-	490.00
Other Expenses	2,945.62	2,945.62	-	2,945.62

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
LAND USE ADMINISTRATION:				
Municipal Land Use Law (NJSA 40:55D-1) Planning Board	1,954.23	1,954.23	-	1,954.23
Salaries and Wages	20,125.39	20,125.39	10,153.50	9,971.89
Other Expenses				
Zoning Officer	816.07	816.07	-	816.07
Salaries and Wages	11,000.91	11,000.91	47.54	10,953.37
Other Expenses				
CODE ENFORCEMENT AND ADMINISTRATION:				
Housing Official	40.00	40.00	-	40.00
Salaries and Wages	2,000.00	2,000.00	-	2,000.00
Other Expenses				
INSURANCE:				
Liability Insurance	1,729.66	1,729.66	-	1,729.66
Workers' Compensation	7,265.34	7,265.34	-	7,265.34
Employee Group Insurance	31,758.89	31,758.89	6,916.27	24,842.62
Payments in Lieu of Benefits	3,836.96	3,836.96	-	3,836.96
PUBLIC SAFETY				
Emergency Management Services				
Salaries and Wages	58.00	58.00	-	58.00
Other Expenses	1,916.91	1,916.91	108.53	1,808.38
Aid to Volunteer Fire Companies				
Other Expenses	17,338.59	17,338.59	14,586.22	2,752.37
Utilities	16,573.41	16,573.41	-	16,573.41
Ambulance				
Utilities	10,662.58	10,662.58	4,546.46	6,116.12
Fire Safety Official				
Salaries and Wages	11.10	11.10	-	11.10
Other Expenses	7,455.33	7,455.33	133.26	7,322.07
Municipal Prosecutor				
Other Expenses	1,500.00	1,500.00	-	1,500.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
PUBLIC WORKS FUNCTIONS				
Streets and Roads				
Salaries and Wages	6,069.83	6,069.83	-	6,069.83
Other Expenses	31,685.44	31,685.44	12,782.61	18,902.83
Utilities	20,125.79	20,125.79	2,367.19	17,758.60
Snow Removal				
Salaries and Wages	8,000.00	8,000.00	-	8,000.00
Other Expenses	14,464.00	14,464.00	982.53	13,481.47
Shade Tree Commission				
Other Expenses	8,000.00	8,000.00	-	8,000.00
Solid Waste Convenience Center				
Salaries and Wages	6,258.16	6,258.16	-	6,258.16
Other Expenses	12,293.15	12,293.15	10,099.13	2,194.02
Utilities	5,988.42	5,988.42	790.48	5,197.94
Buildings and Grounds				
Salaries and Wages	10,332.98	10,332.98	-	10,332.98
Other Expenses	10,783.78	10,783.78	4,597.44	6,186.34
Utilities	7,622.77	7,622.77	1,732.08	5,890.69
HEALTH AND HUMAN SERVICES:				
Board of Health				
Salaries and Wages	982.50	982.50	-	982.50
Other Expenses	1,578.75	1,578.75	0.50	1,578.25
Environmental Committee				
Salaries and Wages	140.00	140.00	-	140.00
Other Expenses	2,429.68	2,429.68	-	2,429.68
Animal Control				
Salaries and Wages	50.98	50.98	-	50.98
Other Expenses	4,214.75	4,214.75	1,612.81	2,601.94

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
PARKS AND RECREATION FUNCTIONS:				
Senior Center	7,672.33	7,672.33	-	7,672.33
Salaries and Wages	8,644.49	8,644.49	311.54	8,332.95
Other Expenses	6,153.90	6,153.90	526.52	5,627.38
Utilities				
Maintenance of Parks	8,043.82	8,043.82	-	8,043.82
Salaries and Wages	14,540.39	14,540.39	4,605.06	9,935.33
Other Expenses	1,239.12	1,239.12	171.42	1,067.70
Utilities				
Bostwick Lake Commission				
Other Expenses	4,500.00	4,500.00	-	4,500.00
UTILITY EXPENSES & BULK PURCHASES				
Street Lighting	14,652.67	14,652.67	13,469.26	1,183.41
SOLID WASTE DISPOSAL COSTS				
Landfill Disposal Costs				
Other Expenses	9,186.96	9,186.96	7,226.36	1,960.60
MUNICIPAL COURT				
Municipal Court				
Salaries and Wages	17,388.28	17,388.28	-	17,388.28
Other Expenses	24,711.52	24,711.52	8,614.45	16,097.07
Public Defender				
Salaries and Wages	7,750.00	7,750.00	-	7,750.00
Other Expenses	25.00	25.00	-	25.00
UNIFORM CONSTRUCTION CODE				
Construction Official				
Salaries and Wages	3,377.77	3,377.77	-	3,377.77
Other Expenses	6,999.04	6,999.04	-	6,999.04
Electrical Sub-code				
Salaries and Wages	2,000.00	2,000.00	-	2,000.00
Fire Sub-code				
Salaries and Wages	1,535.90	1,535.90	-	1,535.90
Elevator Sub-code				
Salaries and Wages	400.00	400.00	-	400.00
Salaries and Wages	400.00	400.00	-	400.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed
DEFERRED CHARGES & STATUTORY EXPENDITURES				
Contribution to:				
Public employees' Retirement System	14,062.97	-	-	-
Social Security System	3,020.89	14,062.97	-	14,062.97
Unemployment Compensation	2,447.23	3,020.89	-	3,020.89
Defined Contribution Retirement Program		2,447.23	-	2,447.23
SHARED SERVICES AGREEMENTS				
Construction Code				
Salaries and Wages	3,998.72	3,998.72	-	3,998.72
Other Expenses	19,943.10	19,943.10	4,299.93	15,643.17
Cumberland Salem Regional Court				
Salaries and Wages	5,131.25	5,131.25	-	5,131.25
Other Expenses	996.93	996.93	-	996.93
Financial Administration				
Other Expenses	305.48	305.48	-	305.48
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES				
Ambulance				
Salaries and Wages	1,262.92	1,262.92	-	1,262.92
Other Expenses	13,813.69	13,813.69	6,050.06	7,763.63
CAPITAL IMPROVEMENTS				
Improvements to Roads	39,252.53	39,252.53	39,116.08	136.45
	<u>\$ 644,977.60</u>	<u>644,977.60</u>	<u>186,346.37</u>	<u>458,631.23</u>

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

Balance December 31, 2020			
School Tax Payable	\$	40.00	
School Tax Deferred			
			\$ 40.00
Increased by:			
Levy - School Year July 1, 2021 to June 30, 2022			7,804,042.00
			7,804,082.00
Decreased by:			
Payments			7,816,515.50
Balance December 31, 2021			
School Tax Payable		(12,433.50)	
School Tax Deferred		-	
			(12,433.50)
Current Year Liability for Local School District School Tax:			
Tax Paid			7,816,515.50
Tax Payable Ending			(12,433.50)
			7,804,082.00
Less: Tax Payable Beginning			40.00
Amount charged to Current Year Operations			\$ 7,804,042.00

See accompanying Notes to Financial Statements - Regulatory Basis

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

Balance December 31, 2020		
School Tax Payable	\$	(147,615.34)
School Tax Deferred		
		\$ (147,615.34)
Increased by:		
Adjustment to Beginning School Tax Payable Balance		147,615.34
Levy - School Year July 1, 2021 to June 30, 2022		4,127,075.00
		4,127,075.00
Decreased by:		
Payments		4,134,684.50
		4,134,684.50
Balance December 31, 2021		
School Tax Payable		(7,609.50)
School Tax Deferred		
		(7,609.50)
Current Year Liability for Local School District School Tax:		
Tax Paid		4,134,684.50
Tax Payable Ending		(7,609.50)
		4,127,075.00
Less: Tax Payable Beginning		(147,615.34)
		\$ 4,274,690.34

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred From Revenues	Received	Balance Dec. 31, 2021
FEDERAL GRANTS:				
Small Cities - Facilities	\$ 221,854.00		221,585.00	269.00
Small Cities - Facilities - 2021		400,000.00		400,000.00
Small Cities - Utility	435,710.00			435,710.00
Small Cities - Rehabilitation	250,700.00		169,478.00	81,222.00
Small Cities - Rehabilitation - 2021		107,000.00		107,000.00
Total Federal	<u>908,264.00</u>	<u>507,000.00</u>	<u>391,063.00</u>	<u>1,024,201.00</u>
STATE GRANTS:				
NJ Transportation Trust Fund Auth Act of 1984:				
DOT - Roberts, Charles & Pleasant	251,164.00		188,373.00	62,791.00
DOT - 2020	255,070.00		191,302.50	63,767.50
DOT - Love, Maple & Midway	279,100.00			279,100.00
Recycling Tonnage Grant - 2021		14,276.55	14,276.55	-
Clean Communities - 2021		17,737.87	17,737.87	-
Municipal Alliance	23,865.38		14,819.74	9,045.64
Municipal Alliance - 2021		15,217.00	5,738.52	9,478.48
County of Cumberland - Alliance for Substance Abuse Prevention Program		7,917.33	7,917.33	-
Total State	<u>809,199.38</u>	<u>55,148.75</u>	<u>440,165.51</u>	<u>424,182.62</u>
	<u>\$ 1,717,463.38</u>	<u>562,148.75</u>	<u>831,228.51</u>	<u>1,448,383.62</u>

See accompanying Notes to Financial Statements - Regulatory Basis

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

	Balance December 31, 2020		2021	Disbursed	Encumbrances	Balance Dec. 31, 2021
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
Small Cities - Facilities	\$ 223,376.95	11,225.00	400,000.00	234,601.95	14,300.00	-
Small Cities - Facilities - 2021				7,781.25		377,918.75
Small Cities - Utility	370,804.31	7,655.00		895.00		377,564.31
Small Cities - Rehabilitation	119,581.38	147,825.00		165,316.13	8,625.00	93,465.25
Small Cities - Rehabilitation - 2021			107,000.00	4,500.00	11,500.00	91,000.00
Total Federal	713,762.64	166,705.00	507,000.00	413,094.33	34,425.00	939,948.31
STATE GRANTS:						
NJ Transportation Trust Fund Auth Act of 1984:						
DOT - Roberts, Charles & Pleasant		12,597.52		12,597.52		-
DOT - 2020		16,801.72		12,846.56		3,955.16
DOT - Love, Maple & Midway	279,100.00					279,100.00
Alcohol Education & Rehabilitation	180.75					180.75
Recycling Tonnage Grant	9,211.55			9,211.55		-
Recycling Tonnage Grant - 2021			14,276.55	14,276.55		-
Clean Communities	11,142.66	6,200.00		10,342.66	7,000.00	2,933.97
Clean Communities - 2021			17,737.87	13,738.90	1,065.00	7,917.33
Municipal Alliance	13,056.53	9,593.97		2,768.11	11,965.06	13,056.53
Municipal Alliance - 2021			15,217.00	2,160.47		-
County of Cumberland - Alliance for Substance Abuse Prevention Program			7,917.33	7,917.33		-
Total State	312,691.49	45,193.21	55,148.75	85,859.65	20,030.06	307,143.74
	1,026,454.13	211,898.21	562,148.75	498,953.98	54,455.06	1,247,092.05

See accompanying Notes to Financial Statements - Regulatory Basis

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

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred To	Received	Balance Dec. 31, 2021
FEDERAL GRANTS:				
American Rescue Plan	\$		380,836.53	380,836.53
Total State	<u>\$ -</u>	<u>-</u>	<u>380,836.53</u>	<u>380,836.53</u>

**TRUST FUND
SCHEDULE OF DOG TRUST CASH - TREASURER**

Balance December 31, 2020	\$	31,228.64
Increased by:		
Cash Receipts for:		
Dog Licenses Collected	12,177.00	
Due to State of NJ	1,110.00	
	13,287.00	13,287.00
		44,515.64
Decreased by:		
Cash Disbursed for:		
Dog Fund Expenditures	14,897.46	
Due from State of New Jersey	1,117.20	
Due to Current Fund	2,529.99	
	18,544.65	18,544.65
Balance December 31, 2021	\$	25,970.99

**TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2020	\$	951,558.57
Increased by:		
Cash Receipts for:		
Other Reserves:		
Interest on Investments	357.90	
Due to / from Current Fund	2,978.99	
Other Receipts	731,452.32	
	734,789.21	734,789.21
		1,686,347.78
Decreased by:		
Cash Disbursed for:		
Encumbrances Relieved	343.75	
Other Reserves	587,566.96	
	587,910.71	587,910.71
Balance December 31, 2021	\$	1,098,437.07

**TRUST FUND
ANIMAL CONTROL FUND - RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2020		\$ 28,679.60
Increased by:		
Dog License - Cash Receipts	12,177.00	
		12,177.00
		40,856.60
Decreased by:		
Cash Disbursed	14,897.46	
		14,897.46
Balance December 31, 2021		\$ 25,959.14

Fees Collected				
	2020	11,836.40		
	2019	14,154.80		
		25,991.20		

**TRUST FUND
ANIMAL CONTROL FUND - DUE TO STATE OF NEW JERSEY**

Balance December 31, 2020		\$	14.20
Increased by:			
Cash Receipts	1,110.00		
			1,110.00
			1,124.20
Decreased by:			
Cash Disbursed	1,117.20		
			1,117.20
Balance December 31, 2021		\$	7.00

**TRUST FUND
SCHEDULE OF OTHER RESERVES**

Title	Balance Dec. 31, 2020	Interest on Investments	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2021
Developer's Escrow	\$ 263,218.11		204,367.88	96,552.17	371,033.82
Redemption for Outside Liens	-		396,770.09	363,209.31	33,560.78
Tax Sale Premiums	136,800.00		56,800.00	103,300.00	90,300.00
Municipal Alliance	7,346.21	9.56	4,331.31	5,116.70	6,570.38
Public Defender	2,045.92		13,390.00	9,275.00	6,160.92
Accumulated Absences	85,559.75		1,000.00		86,559.75
Board of Recreation	23,008.00		400.00		23,408.00
Storm Recovery	212,004.14			5,995.00	206,009.14
Affordable Housing	107,609.04	169.59	13,323.56		121,102.19
Landfill Closure	40,601.44	61.27			40,662.71
Uniform Fire Safety Penalty	283.02				283.02
Senior Center Donations	2,194.01		3.02		2,197.03
Small Cities Revolving Loan	73,580.98	117.48	20,147.21	4,118.78	89,726.89
POAA	84.00		6.00		90.00
Payroll Flex & SI			20,913.25		20,913.25
	<u>\$ 954,334.62</u>	<u>357.90</u>	<u>731,452.32</u>	<u>587,566.96</u>	<u>1,098,577.88</u>

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

Balance December 31, 2020		\$	353,157.32
Increased by:			
Budget Appropriation			
Ordinance 706, 739, 760, 778	108,000.00		
Reserve for Improvements to Roads	77,500.00		
Reserve for Purchase of Public Works Vehicle	4,014.41		
Reserve for Improvements to Municipal Buildings and Facilities	25,000.00		
Reserve for Equipment Purchases - Volunteer Fire Companies	20,000.00		
Reserve for Purchase of Playground Equipment	13,626.65		
Recycling Grant	23,488.10		
			271,629.16
			624,786.48
Decreased by:			
Improvement Authorizations	1,246.27		
Prior Year Encumbrances	17,167.70		
Due to Current Fund	3,715.63		
			22,129.60
Balance December 31, 2021		\$	602,656.88

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
\$	165,869.77						2,603.28	168,473.05
Capital Improvement Fund	295,980.50							295,980.50
Reserve for Sanitary Landfill Closure	1,667.94							1,667.94
Reserve for Expansion of Facilities for Township Parks	11,151.03							11,151.03
Reserve for Purchase of Land - Farmland Preservation	23,692.70							23,692.70
Reserve for Improvements to Convenience Center	10,000.00							10,000.00
Reserve for Construction of a Senior Center	47,994.59							125,494.59
Reserve for Improvements to Roads	39,940.00	77,500.00				31,000.00		12,954.41
Reserve for Purchase of Public Works Vehicle	42,875.00	4,014.41						67,875.00
Reserve for Improvements to Municipal Buildings and Facilities	105,600.00	25,000.00						125,600.00
Reserve for Equipment Purchases - Volunteer Fire Companies	25,000.00	20,000.00						38,626.65
Reserve for Purchase of Playground Equipment	3,774.62	13,626.65						58.99
Due to Current Fund	17,167.70			3,715.63		17,167.70	31,000.00	31,000.00
Encumbrances	17,324.12							17,324.12
Fund Balance								
Improvement Authorizations:								
706 Additions and Renovations to the Ambulance Building	(284,020.84)	70,000.00						(214,020.84)
711 Purchase and Installation of Replacement	91,602.18							91,602.18
722 Improvement to Municipal Building & Facilities	486.45					1,900.18	16,292.70	-
739 Acquisition of Lands	(117,000.00)	18,000.00						(99,000.00)
760 Purchase of Public Works Vehicle	(96,390.19)	33,488.10						(62,902.09)
778 Purchase of Backhoe	(75,000.00)	10,000.00						(65,000.00)
813 Improvement to Roads	24,738.65					703.10	875.00	22,078.65
819 Purchase of Ambulance	703.10							-
822 Purchase of Public Works Vehicle	-					31,000.00	31,000.00	-
	\$ 353,157.32	271,629.16	-	18,413.97	3,715.63	81,770.98	81,770.98	602,656.88

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

Balance December 31, 2020		\$ 165,869.77
Increased by:		
Cancellation of Funded Ordinances	2,603.28	
	2,603.28	2,603.28
Decreased by:		168,473.05
None		
	-	-
Balance December 31, 2021		\$ 168,473.05

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

Ord #	Improvement Description	Balance Dec. 31, 2020	Raised in 2021 Budget	Other	Balance Dec. 31, 2021	Analysis of Balance	
						Expenditures	Unexpended Improvement Authorizations
706	Additions and Renovations to the Ambulance Building	\$ 284,020.84	70,000.00		214,020.84	122,418.66	91,602.18
739	Acquisition of Lands	117,000.00	18,000.00		99,000.00	99,000.00	-
760	Purchase of Public Works Vehicle	96,390.19	10,000.00	23,488.10	62,902.09	40,823.44	22,078.65
778	Purchase of Backhoe	75,000.00	10,000.00		65,000.00	65,000.00	-
		<u>\$ 572,411.03</u>	<u>108,000.00</u>	<u>23,488.10</u>	<u>440,922.93</u>	<u>327,242.10</u>	<u>113,680.83</u>

Improvement Authorizations Unfunded	113,680.83
Less:	
Unexpended Proceeds of Bond Anticipation Notes Issued:	
<u>Ord. Number</u>	None
	<u>-</u>
	<u>\$ 113,680.83</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Authorizations

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Other Funding	Paid or Charged	Cancelled	Balance December 31, 2021	
				Funded	Unfunded				Funded	Unfunded
711	Sanitary Landfill Closure	5/15/2014	125,000	\$	91,602.18				91,602.18	
722	Improvements to the Municipal Building and Facilities	2/19/2015	85,000		486,45		(1,413.73)	(1,900.18)		0.00
813	Improvements to Roads	10/3/2019	220,000		24,738.65		2,660.00			22,078.65
819	Purchase of an Ambulance	5/21/2020	38,543		703.10			(703.10)		-
822	Purchase of Public Works Vehicle	3/9/2021	31,000			31,000.00	31,000.00			-
				\$	<u>1,189.55</u>	<u>116,340.83</u>	<u>31,000.00</u>	<u>(2,603.28)</u>	<u>-</u>	<u>113,680.83</u>
							Cash Disbursed		\$	18,413.97
							Prior Year Encumbrances			(17,167.70)
							Current Year Encumbrances			31,000.00
									\$	<u>32,246.27</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	Other	Balance Dec. 31, 2021
706	Additions and Renovations to the Ambulance Building	\$ 284,020.84	70,000.00	214,020.84
739	Acquisition of Lands	117,000.00	18,000.00	99,000.00
760	Purchase of Public Works Vehicle	96,390.19	33,488.10	62,902.09
778	Purchase of Backhoe	75,000.00	10,000.00	65,000.00
		<u>\$ 572,411.03</u>	<u>131,488.10</u>	<u>440,922.93</u>

**WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2020	\$ 1,110,721.63	\$ 877,222.48
Increased by Receipts:		
Water & Sewer Accounts Receivable	1,880,766.06	-
Miscellaneous Revenue Anticipated	112,169.88	-
Miscellaneous Revenue Not Anticipated	29,252.92	-
Overpaid Utility Rents	7,351.82	-
Utility Liens Collections	3,342.79	-
Due from Current Fund	121.94	-
Due from Utility Capital Fund	203.56	-
	<u>2,033,208.97</u>	<u>-</u>
	3,143,930.60	877,222.48
Decreased by Disbursements:		
Current Year Appropriation	1,714,705.49	-
Prior Year Appropriations	45,066.69	-
Accrued Interest on Bonds	142,488.50	-
Due to Grant Fund	895.00	-
Due to Utility Operating Fund	-	203.56
	<u>1,903,155.68</u>	<u>203.56</u>
Balance December 31, 2021	\$ <u><u>1,240,774.92</u></u>	\$ <u><u>877,018.92</u></u>

**WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Miscellaneous	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Due to Utility Operating	\$ 315.44		203.56					111.88
Reserve for Water Tower Receipts	44,682.54							44,682.54
Reserve for Love Lane Tower Imp.	117,765.54							117,765.54
Reserve for Radionuclide Treatment	2,492.16						123,957.85	126,450.01
Reserve for Water Valve Tower	65,000.00						385,150.00	65,000.00
Encumbrances	-							385,150.00
Capital Improvement Fund	468,045.23					30,000.00		438,045.23
Fund Balance	54,963.72							54,963.72
<u>Improvement Authorizations:</u>								
784 Radionuclide Treatment	123,957.85					123,957.85		-
826 Nitrate Removal System	-					385,150.00	30,000.00	(355,150.00)
	\$ 877,222.48	-	203.56	-	203.56	539,107.85	539,107.85	877,018.92

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2020		\$	337,458.41
Increased by Receipts:			
Consumer Accounts Charges and Levies	1,864,854.23		
			1,864,854.23
			2,202,312.64
Decreased by Disbursements:			
Collections	1,880,766.06		
Prepayments & Overpayments Applied	4,378.85		
Other			
			1,885,144.91
Balance December 31, 2021		\$	317,167.73

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY LIENS**

Balance December 31, 2020		\$	3,342.79
Decreased by Disbursements:			
Collections	3,342.79		
			3,342.79
Balance December 31, 2021		\$	-

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	<u>Balance Dec. 31, 2020</u>	<u>Balance After Transfers</u>	<u>Paid or Charges</u>	<u>Lapsed</u>
Operations:				
Salaries and Wages	\$ 186.03	186.03	-	186.03
Other Expenses	68,713.53	68,713.53	45,066.69	23,646.84
Sewerage Treatment Contract - Cumberland County Util. Auth.	517.66	517.66	-	517.66
Deferred Charges and Statutory Expenditures:				
Social Security System	359.20	359.20	-	359.20
Unemployment Compensation Insurance	290.70	290.70	-	290.70
	<u>\$ 70,067.12</u>	<u>70,067.12</u>	<u>45,066.69</u>	<u>25,000.43</u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES**

Balance December 31, 2020		\$	13,789.65
Increased by:			
Budget Appropriations	142,300.47		
	142,300.47		142,300.47
			156,090.12
Decreased By:			
Payments of Debt Service Interest			142,488.50
Balance December 31, 2021		\$	13,601.62

Analysis of Accrued Interest December 31, 2021

Principal Outstanding December 31, 2021	Interest Rate	From	To	Days	Amount
1,218,753.43	4.50%	12/1/2021	12/31/2021	30	\$ 4,570.33
1,913,584.60	2.75%	11/1/2021	12/31/2021	60	\$ 8,770.60
1,564,181.40	2.00%	12/28/2021	12/31/2021	3	\$ 260.70
					\$ 13,601.62
					\$ 13,601.62

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Other Funding	Authorizations		Paid or Charged	Cancelled	Balance December 31, 2021	
				Funded	Unfunded		Deferred Charges to Future Revenue	Funded			Unfunded	
784	Radiouclide Treatment	12/20/2018	530,000	\$ 123,957.85	-	-	-	-	(123,957.85)	-	-	
826	Nitrate Removal System	4/20/2021	600,000	-	-	30,000.00	570,000.00	385,150.00	-	-	214,850.00	
				\$ 123,957.85	-	30,000.00	570,000.00	385,150.00	(123,957.85)	-	214,850.00	

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
			Date	December 31, 2021 Amount				
Various Water and Sewer Capital Improvements	5/10/1994	\$ 2,378,100	2022	74,739.56	4.500%	1,284,148.22	65,394.79	1,218,753.43
			2023	78,140.68				
			2024	81,696.56				
			2025	85,414.28				
			2026	89,301.16				
			2027	93,364.91				
			2028	97,613.60				
			2029	102,055.63				
			2030	106,699.80				
			2031	111,555.31				
			2032	116,631.77				
			2033	121,939.25				
			2034	59,600.92				

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding					
			Date	December 31, 2021 Amount	Interest Rate	Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
Construction of Seabrook Water Treatment Project	5/1/2011	\$ 2,299,000	2022	42,802.68	2.750%	1,955,456.76	41,872.16	1,913,584.60
			2023	43,987.85				
			2024	45,205.83				
			2025	46,457.54				
			2026	47,743.90				
			2027	49,065.89				
			2028	50,424.48				
			2029	51,820.68				
			2030	53,255.55				
			2031	54,730.14				
			2032	56,245.57				
			2033	57,802.96				
			2034	59,403.47				
			2035	61,048.30				
			2036	62,738.66				
			2037	64,475.84				
			2038	66,261.11				
			2039	68,095.82				
			2040	69,981.33				
			2041	71,919.05				
			2042	73,910.42				
		2043	75,956.93					
		2044	78,060.10					
		2045	80,221.52					
		2046	82,442.78					
		2047	84,725.54					
		2048	87,071.51					
		2049	89,482.44					
		2050	91,960.13					
		2051	46,286.58					

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
			Date	Outstanding December 31, 2021 Amount	Interest Rate			
Construction of a Radionuclide Treatment Plant	5/28/2012	\$ 1,887,000	2022	37,667.78	2.000%	1,601,159.51	36,978.11	1,564,181.40
			2023	38,424.89				
			2024	39,197.23				
			2025	39,985.11				
			2026	40,788.81				
			2027	41,608.65				
			2028	42,444.99				
			2029	43,289.67				
			2030	44,159.80				
			2031	45,047.41				
			2032	45,952.86				
			2033	46,876.52				
			2034	47,818.74				
			2035	48,779.89				
			2036	49,760.37				
			2037	50,760.56				
			2038	51,780.84				
			2039	52,821.63				
			2040	53,883.35				
			2041	54,966.40				
			2042	56,071.22				
		2043	57,198.26					
		2044	58,347.95					
		2045	59,520.74					
		2046	60,717.10					
		2047	61,937.52					
		2048	63,182.46					
		2049	64,452.43					
		2050	65,747.92					
		2051	67,069.46					
		2052	33,920.84					
						<u>4,840,764.49</u>	<u>144,245.06</u>	<u>4,696,519.43</u>

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Debt Issued	Balance Dec. 31, 2021
826	Nitrate Removal System	\$ -	570,000.00	-	570,000.00
		\$ -	570,000.00	-	570,000.00

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		\$ -	570,000.00	-	570,000.00

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TOWNSHIP OF UPPER DEERFIELD

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2021

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2015, the bid threshold was \$40,000. However, effective July 1, 2020, pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$44,000 with the appointment of a qualified purchasing agent. The City adopted the bid threshold of \$44,000.

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

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

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

MANUFACTURER OF LOW WASTE NITRATE TREATMENT AND BRINE SUPPLY FOR LOVE LANE WATER FACILITY

INSTALLATION OF PHASE II OF ADA WALKWAYS AT THE MUNICIPAL RECREATION COMPLEX

Collection of Interest on Delinquent Taxes and Assessments

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

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

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

BE IT FURTHER RESOLVED by the Township Committee of the Township of Upper Deerfield, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year. This Resolution shall take effect January 1.

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

Delinquent Taxes and Tax Title Liens

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

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

<u>Year</u>	<u>Number</u>
2021	18
2020	17
2019	23

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2021 and 2022 Taxes	10
Delinquent Taxes	5
Payment of Sewer Rents	10
Delinquent Sewer Rents	5
Total	<u>30</u>

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

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2021	\$ 21,443,215.48	20,812,490.76	97.06%
2020	20,397,106.76	19,796,929.65	97.06%
2019	19,895,117.44	19,368,629.85	97.35%
2018	19,091,837.87	18,502,023.60	96.91%

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	3.334	3.221	3.125	3.028
Apportionment of Tax Rate:				
Municipal	0.176	0.166	0.155	0.151
County	1.253	1.216	1.202	1.146
Regional School	0.659	0.622	0.574	0.545
Local School	1.246	1.217	1.194	1.186

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 three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2021	\$ 496,816.33	275,500.27	772,316.60	3.60%
2020	478,711.71	237,131.98	715,843.69	3.51%
2019	460,406.87	238,365.67	698,772.54	3.51%

Uniform Construction Code

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

Deposit of Municipal Funds

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

"All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository."

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

FINDINGS AND RECOMMENDATIONS

NONE

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

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

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

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

Michael S. Garcia

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

August 19, 2022