

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

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TOWNSHIP OF UPPER PITTSBORO

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TOWNSHIP OF UPPER PITTSBURGH

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Upper Pittsgrove
County of Salem
Elmer, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Upper Pittsgrove as of December 31, 2021, and the related statement of operations and changes in fund balance - regulatory basis for the year then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis 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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the below "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*" 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 the Township, as of December 31, 2021, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2021, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and general fixed assets group of accounts - regulatory basis, for the year ended December 31, 2021 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Upper Pittsgrove, and to meet our

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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 Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the Township of Upper Pittsgrove on the basis of the financial reporting provisions of 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 the State 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 accounting principles and practices 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 misstatement, whether due to fraud or error.

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

Auditor's Responsibilities 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from 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 generally accepted auditing standards and Government Auditing Standards and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 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'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's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the letter of comments and recommendations section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Predecessor Auditor

The financial statements for the year ended December 31, 2020, were audited by a predecessor auditor. The predecessor auditor issued an Adverse Opinion on the financial statements, stating that they do not present fairly, in accordance with accounting principles generally accepted in the United States of American, the financial position of each fund of the Township of Upper Pittsgrove as of December 31, 2020, or changes in financial position for the year then ended.

The predecessor auditor issued an unmodified opinion on the regulatory basis financial statements for the year ended December 31, 2020, stating that the regulatory basis balance sheets and account group as of December 31, 2020, the regulatory basis of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year then ended December 31, 2020, were in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2022 on our consideration of the Township'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 solely 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 of 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's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
June 8, 2022



Certified Public Accountants & Advisors

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

Honorable Mayor and Members
of the Township Committee
Township of Upper Pittsgrove
County of Salem
Elmer, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Upper Pittsgrove, 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 June 8, 2022. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be material weaknesses.

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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 basis for designing 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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of financial statement findings as Finding No. 2021-001.

Township of Upper Pittsgrove's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township of Upper Pittsgrove's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
June 8, 2022

BASIC FINANCIAL STATEMENTS

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CURRENT FUND
EXHIBITS

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**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Regular Fund:			
Cash- Treasurer	A-4	\$ 3,370,157.32	\$ 3,180,467.81
Cash - Change Fund	A-5	50.00	50.00
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A-8	2,919.72	1,669.72
Total Regular Fund		3,373,127.04	3,182,187.53
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	243,984.08	269,746.32
Tax Title Liens Receivable	A-7	237,873.61	240,754.00
Revenue Accounts Receivable	A-9	780.46	
Prepaid County Taxes			40.01
Due from:			
Trust Other	B	958.16	585.49
Animal Control Trust	B	8.94	0.53
		483,605.25	511,126.35
Deferred Charges:			
Special Emergency 40A:4-55	A-15	93,510.00	124,680.00
Total Deferred Charges		93,510.00	124,680.00
Total Current Fund		3,950,242.29	3,817,993.88
State & Federal Grants:			
Cash- Treasurer	A-4	175,581.50	
Due from Current Fund	A	48,401.26	43,655.37
Grants Receivable	A-18	74,102.58	74,493.99
Total State & Federal Grants		298,085.34	118,149.36
Total Assets		\$ 4,248,327.63	\$ 3,936,143.24

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF UPPER PITTSBGROVE
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2021	2020
Regular Fund:			
Appropriation Reserves	A-3:A-10	\$ 243,848.87	\$ 265,412.63
Reserve for Encumbrances	A-11	68,311.79	7,403.83
Prepaid Taxes	A-4	190,931.05	186,162.73
Tax Overpayments		8,178.16	14,166.62
Local School District Taxes Payable	A-12	1,497,561.00	1,414,529.00
Payroll Taxes Payable		4,876.51	2,264.04
Due to Federal & State Grant Fund	A	48,401.26	43,655.37
Reserve for Master Plan	A-16	5,234.65	10,034.65
Reserve for Revaluation	A-17	4,226.00	7,343.00
Due General Capital Fund	C	885.23	80,883.94
Subtotal		<u>2,072,454.52</u>	<u>2,031,855.81</u>
Reserve for Receivables & Other Assets	A	483,605.25	511,126.35
Fund Balance	A-1	<u>1,394,182.52</u>	<u>1,275,011.72</u>
Total Regular Fund		<u>3,950,242.29</u>	<u>3,817,993.88</u>
State & Federal Grants:			
Reserve for Grants Appropriated	A-20	122,503.84	118,149.36
Reserve for Grants Unappropriated	A-19	<u>175,581.50</u>	
Total State & Federal Grants		<u>298,085.34</u>	<u>118,149.36</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 4,248,327.63</u>	<u>\$ 3,936,143.24</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 309,287.10	\$ 369,354.08
Miscellaneous Revenue Anticipated	592,971.33	716,768.29
Receipts From Delinquent Taxes & Tax Title Liens	299,476.45	288,323.90
Receipts From Current Taxes	9,257,575.51	9,032,573.30
Nonbudget Revenue	92,898.17	121,360.98
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	263,427.63	201,919.30
Prior Year Encumbrances Canceled	1,112.19	2,731.37
Total	<u>10,816,748.38</u>	<u>10,733,031.22</u>
Expenditures:		
Budget & Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	420,518.00	426,618.00
Other Expenses	712,133.26	686,493.66
Deferred Charges & Statutory		
Expenditures - Municipal Within "CAPS"	85,566.00	81,612.00
Operations Excluded from "CAPS":		
Other Expenses	85,783.42	81,425.35
Capital Improvements	200,000.00	376,381.00
Deferred Charges	31,170.00	31,170.00
County Taxes	4,109,198.80	4,109,957.21
Due County for Added & Omitted Taxes	14,282.31	23,503.31
Local District School Tax	4,672,561.00	4,464,529.00
Farmland Preservation Tax	\$33,966.00	68,318.00
Refund of Prior Year Revenue	21,424.50	
Interfund Advanced	437.19	1,472.50
Prior Year Deduction Disallowed	1,250.00	3,146.56
Total Expenditures	<u>10,388,290.48</u>	<u>10,354,626.59</u>
Excess to Fund Balance	428,457.90	378,404.63
Fund Balance January 1	<u>1,275,011.72</u>	<u>1,265,961.17</u>
Total	1,703,469.62	1,644,365.80
Decreased by: Utilization as Anticipated Revenue	<u>309,287.10</u>	<u>369,354.08</u>
Fund Balance December 31	<u><u>\$ 1,394,182.52</u></u>	<u><u>\$ 1,275,011.72</u></u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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

	BUDGET	APPROPRIATED by N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 309,287.10	\$ -	\$ 309,287.10	\$ -
Miscellaneous Revenue:				
Fees and Permits	20,000.00		27,609.25	7,609.25
Fines & Costs:				
Municipal Court	17,650.00		18,345.14	695.14
Interest & Costs on Taxes	65,000.00		61,364.21	(3,635.79)
Energy Receipts Tax	444,774.00		444,774.00	-
Uniform Fire Safety Act	7,400.00		14,492.49	7,092.49
Clean Communities Program Grant		14,530.85	14,530.85	-
Municipal Alliance on Alcoholism and Drug Abuse	1,588.70		1,588.70	-
Recycling Tonnage Grant		10,266.69	10,266.69	-
Total Miscellaneous Revenues	556,412.70	24,797.54	592,971.33	11,761.09
Receipts from Delinquent Taxes	275,000.00		299,476.45	24,476.45
Local Tax for Municipal Purposes	686,900.00		744,694.06	57,794.06
Budget Totals	1,827,599.80	24,797.54	1,946,428.94	94,031.60
Nonbudget Revenues			92,898.17	92,898.17
Total	\$ 1,827,599.80	\$ 24,797.54	\$ 2,039,327.11	\$ 186,929.77

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF UPPER PITTSBURGH
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	\$ 9,257,575.51
Less: Allocated for School & County Taxes	<u>8,830,008.11</u>
Total Allocation of Current Tax Collections	427,567.40
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>317,126.66</u>
Total Amount for Support of Municipal Budget Appropriation	<u><u>\$ 744,694.06</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 270,240.87
Tax Title Lien Collections	<u>29,235.58</u>
Total Receipts from Delinquent Taxes	<u><u>\$ 299,476.45</u></u>

ANALYSIS OF NONBUDGET REVENUES

Miscellaneous Revenue Not Anticipated:	
Interest on Deposits	\$ 17,222.62
Certificate of Occupancy	2,075.00
Zoning & Planning	2,961.00
Recycling and White Goods	19,634.37
Elmer Borough Shared Service	30,601.65
Reimbursements	10,923.99
SREC's	5,438.00
Farm Rent	2,252.25
Administrative Fees	760.80
Other Fees	605.00
Safety Award	<u>423.49</u>
Total Nonbudgeted Revenue	<u><u>\$ 92,898.17</u></u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
General Government Functions:						
General Administration:						
Salaries and Wages	\$ 13,500.00	\$ 13,500.00	\$ 2,821.50	\$ -	\$ 10,678.50	\$ -
Other Expenses	7,500.00	7,500.00	5,283.18		2,216.82	
Mayor and Township Committee:						
Salaries and Wages	23,268.00	23,268.00	23,268.00		-	
Other Expenses	1,800.00	1,800.00	1,063.27		736.73	
Municipal Clerk:						
Salaries and Wages	44,000.00	44,000.00	40,020.00		3,980.00	
Other Expenses	1,200.00	1,200.00	817.29		382.71	
Improvement Search Officer						
Salaries and Wages	50.00	50.00			50.00	
Financial Administration:						
Salaries and Wages	30,000.00	30,000.00	29,999.06		0.94	
Other Expenses	28,400.00	28,400.00	10,524.45	7,885.79	9,989.76	
Audit Services	27,000.00	27,000.00	27,000.00		-	
Collection of Taxes:						
Salaries and Wages	36,000.00	36,000.00	35,744.10		255.90	
Other Expenses	8,000.00	8,000.00	4,002.22		3,997.78	
Tax Search Officer						
Salaries and Wages	50.00	50.00			50.00	
Tax Assessments Administration:						
Salaries and Wages	25,000.00	25,000.00	23,436.00		1,564.00	
Other Expenses	8,000.00	8,000.00	5,190.34		2,809.66	
Liquidation of Tax Title Liens and Foreclosed Property:						
Other Expenses	5,000.00	5,000.00			5,000.00	
Legal Services:						
Other Expenses	23,000.00	23,000.00	4,357.70		18,642.30	
Engineering Services & Costs	38,000.00	38,000.00	9,106.54		28,893.46	
Land Use Administration:						
Land Use Board:						
Salaries and Wages	8,000.00	8,000.00	7,584.00		416.00	
Other Expenses	7,000.00	7,000.00	2,672.60		4,327.40	
Zoning Administrator & Housing Officer						
Salaries and Wages	9,200.00	9,200.00	8,952.00		248.00	
Other Expenses	1,300.00	1,300.00	675.58		624.42	
Insurance:						
Liability Insurance	25,264.00	25,264.00	25,264.00		-	
Other Insurance Premiums	3,564.00	3,564.00	3,564.00		-	
Worker's Compensation Insurance	30,010.00	30,010.00	29,006.00		1,004.00	
Employee Group Insurance	48,975.00	48,975.00	32,649.30		16,325.70	
Health Insurance Waivers	4,500.00	4,500.00	4,500.00		-	
Public Safety Functions:						
Aid to Volunteer Fire Companies	70,000.00	70,000.00	70,000.00		-	
First Aid Organization - Contribution	37,350.00	37,350.00	37,346.50		3.50	
Office of Emergency Management:						
Salaries and Wages	4,000.00	4,000.00	3,896.40		103.60	
Other Expenses	1,000.00	1,000.00		500.00	500.00	
Uniform Fire Safety Act						
Salaries and Wages	6,400.00	6,400.00	6,267.96		132.04	
Other Expenses	10,120.26	10,120.26	1,075.00		9,045.26	

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Public Works Functions:						
Road Repair and Maintenance:						
Salaries and Wages	158,000.00	158,000.00	151,725.93		6,274.07	
Other Expenses	70,000.00	70,000.00	26,155.01	15,802.98	28,042.01	
Solid Waste Collection (Disposal):						
Salaries and Wages	53,000.00	53,000.00	41,009.00		11,991.00	
Other Expenses						
Contractual	35,000.00	35,000.00	29,238.00	3,245.00	2,517.00	
Miscellaneous Other Expenses	13,000.00	13,000.00	9,920.06	180.00	2,899.94	
Public Building & Grounds:						
Salaries and Wages	4,050.00	4,050.00	3,709.98		340.02	
Other Expenses	32,000.00	32,000.00	11,010.19	19,993.42	996.39	
Vehicle Maintenance	10,000.00	10,000.00	7,753.87		2,246.13	
Health and Human Services:						
Board of Health						
Other Expenses	200.00	200.00			200.00	
Registrar of Vital Statistics						
Other Expenses	400.00	400.00	400.00		-	
Hepatitis Program						
Other Expenses	50.00	50.00			50.00	
Dog Regulation						
Salaries and Wages	6,000.00	6,000.00	5,655.96		344.04	
Other Expenses	2,500.00	2,500.00	1,250.00	550.00	700.00	
Park and Recreation:						
Recreation Services and Programs:						
Other Expenses	4,500.00	4,500.00	180.00		4,320.00	
Maintenance of Parks:						
Other Expenses	1,500.00	1,500.00	720.00	180.00	600.00	
Unclassified:						
Utilities						
Electricity	7,000.00	7,000.00	3,462.48		3,537.52	
Street Lighting	9,000.00	9,000.00	3,848.68		5,151.32	
Telephone	4,000.00	4,000.00	2,984.53		1,015.47	
Natural Gas	4,000.00	4,000.00	3,264.57		735.43	
Telecommunications	7,000.00	7,000.00	6,961.30		38.70	
Gasoline	20,000.00	20,000.00	9,759.28		10,240.72	
Landfill/Solid Waste Disposal						
Salem County Utilities Authority	77,000.00	77,000.00	55,317.54	6,172.60	15,509.86	
Sanitary Landfill Other Expenses	27,000.00	27,000.00	14,448.32		12,551.68	
Total Operations Within "CAPS"	1,131,651.26	1,131,651.26	844,861.69	54,509.79	232,279.78	-
Contingent	1,000.00	1,000.00			1,000.00	
Total Operations Within "CAPS"						
Including Contingent	1,132,651.26	1,132,651.26	844,861.69	54,509.79	233,279.78	-
Detail:						
Salaries and Wages	420,518.00	420,518.00	384,089.89	-	36,428.11	-
Other Expenses	712,133.26	712,133.26	460,771.80	54,509.79	196,851.67	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Deferred Charges & Statutory Expenditures Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	46,966.00	46,966.00	46,966.00		-	
Social Security System (O.A.S.I.)	34,000.00	34,000.00	29,788.74		4,211.26	
Unemployment Insurance	2,100.00	2,100.00	1,524.38		575.62	
NJ Disability Insurance	2,500.00	2,500.00	492.79		2,007.21	
Total Deferred Charges & Statutory Expenditures Within "CAPS"	85,566.00	85,566.00	78,771.91	-	6,794.09	-
Total General Appropriations for Municipal Purposes Within "CAPS"	1,218,217.26	1,218,217.26	923,633.60	54,509.79	240,073.87	-
Shared Service Agreements:						
Municipal Court						
Other Expenses	55,000.00	55,000.00	41,198.00	13,802.00	-	
Uniform Construction Code Official						
Other Expenses	4,000.00	4,000.00	225.00		3,775.00	
Total Interlocal Muni. Service Agreements	59,000.00	59,000.00	41,423.00	13,802.00	3,775.00	-
Public & Private Programs Offset by Revenues:						
Clean Communities Program Grant	-	14,530.85	14,530.85			
Municipal Alliance on Alcoholism and Drug Abuse	1,985.88	1,985.88	1,985.88			
Recycling Tonnage Grant	-	10,266.69	10,266.69			
Total Operations Excluded from "CAPS"	60,985.88	85,783.42	68,206.42	13,802.00	3,775.00	-
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	60,985.88	85,783.42	68,206.42	13,802.00	3,775.00	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	200,000.00	200,000.00	200,000.00			
Total Capital Improvements Excluded from "CAPS"	200,000.00	200,000.00	200,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS":						
Interest on Notes	100.00	100.00			-	100.00
Total Municipal Debt Service Excluded from "CAPS"	100.00	100.00	-	-	-	100.00
Deferred Charges - Excluded from "CAPS": Special Emergency Authorizations - Revaluation 5 Years	31,170.00	31,170.00	31,170.00		-	
Total Deferred Charges - Excluded from "CAPS"	31,170.00	31,170.00	31,170.00	-	-	-
Subtotal General Appropriations	1,510,473.14	1,535,270.68	1,223,010.02	68,311.79	243,848.87	100.00
Reserve For Uncollected Taxes	317,126.66	317,126.66	317,126.66			
Total General Appropriations	<u>\$ 1,827,599.80</u>	<u>\$ 1,852,397.34</u>	<u>\$1,540,136.68</u>	<u>\$ 68,311.79</u>	<u>\$ 243,848.87</u>	<u>\$ 100.00</u>
Appropriation by 40A:4-87		\$ 24,797.54				
Original Budget		<u>1,827,599.80</u>				
Total		<u><u>\$ 1,852,397.34</u></u>				
Reserve for Federal & State Grants - Appropriated			\$ 26,783.42			
Deferred Charge - Emergency Authorization			31,170.00			
Reserve for Uncollected Taxes			317,126.66			
Cash Disbursements			<u>1,165,056.60</u>			
Total			<u><u>\$1,540,136.68</u></u>			

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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TRUST FUNDS

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**TOWNSHIP OF UPPER PITTSBURGH
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Animal Control Fund:			
Cash	B-1	\$ 127.74	\$ 1,796.73
Total Animal Control Fund		<u>127.74</u>	<u>1,796.73</u>
Other Trust Funds:			
Cash - Treasurer	B-1	809,033.80	760,599.67
Cash - Collector	B-2	37,497.87	33,812.86
Escrow Receivables		913.14	640.95
Due from General Capital Fund	C	<u>0.07</u>	<u>0.07</u>
Total Other Trust Funds:		<u>847,444.88</u>	<u>795,053.55</u>
Total - All Funds		<u><u>\$ 847,572.62</u></u>	<u><u>\$ 796,850.28</u></u>
 LIABILITIES & RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ 118.80	\$ 1,796.20
Due Current Fund	A	<u>8.94</u>	<u>0.53</u>
Total Animal Control Fund		<u>127.74</u>	<u>1,796.73</u>
Other Trust Funds:			
Premium in Tax Title Lien Redemption	B-4	37,400.00	33,800.00
Reserve for:			
Farmland Preservation	B-4	107,193.96	68,512.87
Municipal Alliance	B-4	7,820.45	7,749.58
Donations Veterans Memorial Monument	B-4	653.10	653.10
Alternate Escrow Closure	B-4	152,964.02	152,019.36
Landfill Closure Escrow	B-4	25,589.18	25,432.82
Developer's Escrow	B-4	87,925.59	89,754.32
Affordable Housing	B-4	419,593.82	416,158.70
Performance Bond	B-4	693.00	-
Maintenance Bond	B-4	5,544.00	-
Encumbrances Payable		1,109.60	387.31
Due to Current Fund	A	<u>958.16</u>	<u>585.49</u>
Total Other Funds		<u>847,444.88</u>	<u>795,053.55</u>
Total - All Funds		<u><u>\$ 847,572.62</u></u>	<u><u>\$ 796,850.28</u></u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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GENERAL CAPITAL FUND
EXHIBITS

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**TOWNSHIP OF UPPER PITTSBURGH
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Cash	C-1	\$ 854,098.02	\$ 896,316.08
Due Current Fund	A	885.23	80,883.94
Total		<u>\$ 854,983.25</u>	<u>\$ 977,200.02</u>
LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Funded	C-4	127,017.57	323,829.34
Due Farmland Preservation Trust	B	0.07	0.07
Reserve for Farmland Preservation	C-2	65,632.52	81,037.52
Capital Improvement Fund	C-3	<u>662,333.09</u>	<u>572,333.09</u>
		<u>\$ 854,983.25</u>	<u>\$ 977,200.02</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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GENERAL FIXED ASSETS ACCOUNT GROUP
EXHIBIT

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**TOWNSHIP OF UPPER PITTSBURGH
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2021 AND 2020**

ASSETS	<u>2021</u>	<u>2020</u>
Building and Grounds	\$ 1,277,333.37	\$ 1,351,616.25
Equipment	1,389,551.28	1,314,809.40
Transportation Equipment	614,925.03	614,925.03
Furniture	<u>34,703.00</u>	<u>34,703.00</u>
Total	<u>\$ 3,316,512.68</u>	<u>\$ 3,316,053.68</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 3,316,512.68</u>	<u>\$ 3,316,053.68</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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TOWNSHIP OF UPPER PITTSBGROVE

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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TOWNSHIP OF UPPER PITTSBORO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The financial statements of the Township of Upper Pittsgrove, County of Salem, New Jersey (hereafter referred to as the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S.A. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies that are subject to separate audits.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61, and 90, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, and 90.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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 respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks, or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

Inventories and Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985, are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements - The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Township's financial statements.

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2021, the Township's bank balance of \$5,273,954.19 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 4,495,192.72
Uninsured and Uncollateralized	<u>778,761.47</u>
	<u>\$ 5,273,954.19</u>

**TOWNSHIP OF UPPER PITTSBORO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Salem, and Upper Pittsgrove Township School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Salem. Operations is charged for the amount due the County for the year, based upon the rates required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Upper Pittsgrove Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district July 1 to June 30.

Reserve for Uncollected Taxes – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediately preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. As of December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. Deposits and Investments (Continued)

Investments

The Township had no investments as of December 31, 2021.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$ 2.798</u>	<u>\$ 2.723</u>	<u>\$ 2.632</u>
Apportionment of Tax Rate:			
Municipal	0.212	0.212	0.201
County	1.210	1.204	1.134
Local School	1.376	1.307	1.297

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2021	\$ 339,661,600.00
2020	341,592,300.00
2019	337,359,381.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2021	\$ 9,538,657.97	\$ 9,257,575.51	97.05%
2020	9,341,904.88	9,032,573.30	96.69%
2019	8,918,581.44	8,560,125.53	95.98%

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 3. Property Taxes (continued)

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2021	\$ 237,873.61	\$ 243,984.08	\$ 481,857.69	5.05%
2020	240,754.00	269,746.32	510,500.32	5.46%
2019	203,635.81	301,852.46	505,488.27	5.67%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2021	20
2020	35
2019	30

The last tax sale was held on October 27, 2021.

Note 4. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and two previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2021	\$ 1,394,182.52	\$ 314,567.03	22.56%
2020	1,275,011.72	309,287.10	24.26%
2019	1,265,961.17	369,354.08	29.18%

Note 5. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 6. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances as of December 31, 2021:

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 6. Interfund Receivables, Payables and Transfers (continued)

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 967.10	\$ 49,286.49
State and Federal Grant Fund	48,401.26	
Animal Control Trust		8.94
Trust Other Fund	0.07	958.16
Capital Fund	885.23	0.07
	<u>\$ 50,253.66</u>	<u>\$ 50,253.66</u>

The interfund receivables and payables above resulted from December interest earned but not transferred to Current Fund and due to the fact that there is no bank account maintained for Federal and State Grant Funds. All interfund balances are expected to be repaid within one year.

Note 7. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2021.

	Balance December 31, <u>2020</u>	<u>Additions</u>	<u>Reclassifications</u>	Balance December 31, <u>2021</u>
Buildings and Grounds	\$ 1,351,616.25	\$ -	\$ (74,282.88)	\$ 1,277,333.37
Equipment	1,314,809.40	459.00	74,282.88	1,389,551.28
Transportation Equipment	614,925.03			614,925.03
Furniture	34,703.00			34,703.00
	<u>\$ 3,316,053.68</u>	<u>\$ 459.00</u>	<u>\$ -</u>	<u>\$ 3,316,512.68</u>

Note 8. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-report.shtml>.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation – The schedule of employer and nonemployer allocation and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS, its participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumption relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2021, the Township's contractually required contribution to PERS plan was \$46,966.00.

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Components of Net Pension Liability – As of December 31, 2021, the Township's proportionate share of the PERS net pension liability was \$700,117.00. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Township's proportion measured as of June 30, 2020, was 0.0042932509% which was a decrease of 0.0001286428% from its proportion measured as of June 30, 2019.

Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2021</u>	<u>12/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 97,699	\$ 172,874
Deferred Inflows of Resources	320,829	340,461
Net Pension Liability	700,117	796,758
Township's portion of the Plan's total Net Pension Liability	0.00429%	0.00442%

Pension Expense and Deferred Outflows/Inflows of Resources – As of December 31, 2020, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is \$5,869.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$46,966.00 to the plan in 2021.

As of December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 12,748	\$ 2,476
Changes of Assumptions	22,713	293,146
Net Difference between Projected and Actual Earnings on Pension Plan Investments	23,931	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	38,307	25,207
	<u>\$ 97,699</u>	<u>\$ 320,829</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Changes of Assumptions

Year of Pension Plan Deferral:

June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16

Net Difference between Projected
and Actual Earnings on Pension

Plan Investments

Year of Pension Plan Deferral:

June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	-	5.00

Changes in Proportion and Differences
between Contributions and

Proportionate Share of Contributions

Year of Pension Plan Deferral:

June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Year Ending	
<u>Dec 31,</u>	<u>Amount</u>
2021	\$ (73,061)
2022	(74,349)
2023	(43,009)
2024	(27,190)
2025	<u>(5,521)</u>
	<u>\$ (223,130)</u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
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%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2014 - June 30, 2018

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 disabled 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-2020.

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - 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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. 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%	50.00%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

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 based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 888,261	\$ 700,117	\$ 550,649

*Note that the information presented above is in accordance with Local Finance Notice 2021-10, which differs from the requirements of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

Note 9. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. 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 postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation's agreement.

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 9. Postemployment Benefits Other Than Pensions (continued)

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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 (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the 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 (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2018, 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:

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 10. Postemployment Benefits Other Than Pensions (continued)

Inflation Rate 2.50%

Salary Increases*:

Public Employees' Retirement System (PERS)

Initial Fiscal Year Applied

Rate through 2026 2.00% to 6.00%

Rate thereafter 3.00% to 7.00%

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 15.25%

Mortality:

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

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

* - Salary Increases are based on years of service within the respective plan.

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Township's as of June 30, 2020 was \$1,377,941.00. The Township's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the OPEB Obligation associated with the Township was based on projection of the State's long-term contributions to the OPEB plan associated with the Township relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the Township was 0.00768%, which was a decrease of 0.00215% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$(68,719.00) for the State's proportionate share of the OPEB (benefit) expense attributable to the Township. This OPEB (benefit) expense was based on the OPEB plans June 30, 2020 measurement date.

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 PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 10. Postemployment Benefits Other Than Pensions (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate 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% decreasing 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 collective net OPEB liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective 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:

	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The District	\$ 610,828	\$ 516,683	\$ 442,158
State of New Jersey's Total Nonemployer OPEB Liability	21,216,688,254	17,946,612,946	15,358,051,000

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:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The District	\$ 427,556	\$ 516,683	\$ 633,396
State of New Jersey's Total Nonemployer OPEB Liability	14,850,840,718	17,946,612,946	22,000,569,109

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 10. Postemployment Benefits Other Than Pensions (continued)

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2020:

Collective Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2021</u>	<u>12/31/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 3,168,345,589	\$ 11,158,226
Collective Deferred Inflows of Resources	7,333,043,620	8,761,825,481
Collective Net OPEB Liability	17,946,612,946	13,546,071,100
 Township's Portion	 0.002879%	 0.000894%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2022	\$ (964,720,007)
2023	(965,594,678)
2024	(967,008,484)
2025	(968,300,349)
2026	(660,258,014)
Thereafter	<u>361,183,501</u>
	<u>\$ (4,164,698,031)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.87, 8.05, 8.14 and 8.04 years for the 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2019, the Program membership consisted of the following:

	<u>June 30, 2019</u>
Active Plan Members	<u>62,547</u>
Retirees Currently Receiving Benefits	<u>30,614</u>
 Total Plan Members	 <u>93,161</u>

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 10. Postemployment Benefits Other Than Pensions (continued)

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Service Cost	\$ 605,949,339
Interest on the Total OPEB Liability	497,444,533
Change of Benefit Terms	1,034,142
Differences Between Expected and Actual Experience	541,506,395
Changes of Assumptions	3,074,968,821
Contributions From the Employer	(292,404,377)
Contributions From Non-Employer Contributing Entity	(35,011,940)
Net Investment Income	(2,858,334)
Administrative Expense	9,913,267
	<hr/>
Net Change in Total OPEB Liability	4,400,541,846
Total OPEB Liability (Beginning)	<hr/> 13,546,071,100
Total OPEB Liability (Ending)	<hr/> <u>\$ 17,946,612,946</u>

*Note that the information presented above is in accordance with Local Finance Notice 2021-10, which differs from the requirements of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Note 11. Municipal Debt

During the calendar year 2021, there was no municipal debt incurred by the Township.

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 3,543,750.00	\$ 3,543,750.00	\$ -
General Debt	-	-	-
	<hr/>	<hr/>	<hr/>
	\$ 3,543,750.00	\$ 3,543,750.00	\$ -
	<hr/>	<hr/>	<hr/>

Net Debt \$0 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$338,911,572.33, equals 0%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars as of December 31, 2021 is calculated as follows:

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 11. Municipal Debt (continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	<u>\$ 11,861,905.03</u>
Remaining Borrowing Power	<u><u>\$ 11,861,905.03</u></u>

Note 12. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. As of December 31, 2021 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2021</u>	2022 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-53)	\$ 93,510.00	\$ 31,170.00	\$ 62,340.00

Note 13. Accrued Sick, Vacation and Compensation Time

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

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

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

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

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 14. Risk Management

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

Joint Insurance Pool

The Township is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Township with the following coverage:

Worker's Compensation	\$2,000,000
General Liability	\$500,000
Employer's Liability	\$4,500,000
Auto Liability	\$500,000
Employee Dishonesty Liability	\$1,000,000

Note 15. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2021 the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is a defendant in a legal proceeding that is in the early stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements. Current litigation is expected to be covered by the Township's insurance policy.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2021.

Note 16. Investment in Solar Renewable Energy Certificates (SREC's)

The SREC program provides a means for Solar Renewable Energy Certificates (SREC's) to be created for every megawatt-hour of solar electricity created. The SREC is sold separately from the electricity and represents the "solar" aspect of the electricity that was produced. The value of a SREC is determined by the market subject to supply and demand constraints. The SREC's can be sold to electricity suppliers needing to meet their solar RPS requirement. The market is typically capped by a fine or solar alternative compliance payment paid by any electricity suppliers for every SREC they fall short of the requirement.

**TOWNSHIP OF UPPER PITTSBURGH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 16. Investment in Solar Renewable Energy Certificates (SREC's) (Continued)

As of December 31, 2021, the investment in the SREC's was \$0. All the SREC's available as of December 31, 2020, were sold by year-end and the amount recorded as a receivable was \$0.

Note 17. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2021 and June 8, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

The COVID-19 pandemic is ongoing. Because of the evolving nature of the outbreak and federal, state and local responses, it cannot be predicted how the outbreak will impact the financial condition or operations of the Township, or if there will be any impact on the assessed values of property within the Township. To date the Township has not been materially and adversely affected financially due to the virus.

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>CURRENT</u>	<u>GRANT FUND</u>
Balance December 31, 2020	\$ 3,180,467.81	
Due from State - Senior Citizens & Veteran's	29,250.00	
Taxes Receivable	9,177,348.53	
Homestead Rebate	118,152.93	
Tax Title Liens Receivable	29,221.15	
Tax Overpayments	21,570.53	
Prepaid Taxes	190,931.05	
Revenue Accounts Receivable	659,483.26	
Payroll Taxes Payable	91,744.84	
Election Workers	21,633.76	
Federal & State Grants Unappropriated		175,581.50
Federal & State Grants Receivable	26,777.65	
	<u>10,366,113.70</u>	<u>175,581.50</u>
Subtotal	<u>13,546,581.51</u>	<u>175,581.50</u>
Decreased by Disbursements:		
Current Year Appropriations	1,165,056.60	
Appropriation Reserves	1,985.00	
Encumbrances Payable	6,291.64	
County Taxes	4,109,198.80	
Due County for Added & Omitted Taxes	14,282.31	
Local District School Tax	4,589,529.00	
Farmland Preservation	\$33,966.00	
Tax Overpayments	13,142.37	
Payroll Taxes Payable	89,132.37	
Reserve for Master Plan	4,800.00	
Reserve for Revaluation	3,117.00	
Election Workers	21,633.76	
Due General Capital Fund	79,778.73	
Refund of Prior Year Revenue	21,424.50	
Due to Trust Other Fund	657.17	
Reserve for Federal & State Grant Funds Appropriated	22,428.94	
	<u>10,176,424.19</u>	<u>-</u>
Total Disbursements	<u>10,176,424.19</u>	<u>-</u>
Balance December 31, 2021	<u>\$ 3,370,157.32</u>	<u>\$ 175,581.50</u>

**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Office:

Tax Collector

\$ 50.00

Total

\$ 50.00

TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2021

YEAR	BALANCE DECEMBER 31, 2020	2021 LEVY	ADDED TAXES	COLLECTED		OVERPAYMENTS APPLIED	DUE FROM STATE OF NEW JERSEY	(REMITTED)/ CANCELLED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2021
				2020	2021					
2019	\$ 25,746.18	\$ -	\$ -	\$ -	\$ 25,746.18		\$ -	\$ -	\$ -	\$ -
2020	244,000.14		1,250.00		244,494.69					755.45
Total	269,746.32	-	1,250.00	-	270,240.87		-	-	-	755.45
2021	-	9,505,637.87	33,020.10	186,162.73	9,025,260.59	14,402.19	31,750.00	11,099.92	26,753.91	243,228.63
Total	\$ 269,746.32	\$ 9,505,637.87	\$ 34,270.10	\$ 186,162.73	\$ 9,295,501.46	\$ 14,402.19	\$ 31,750.00	\$ 11,099.92	\$ 26,753.91	\$ 243,984.08

Cash Receipts
Homestead Rebate

\$ 9,177,348.53
 118,152.93

Total

\$ 9,295,501.46

ANALYSIS OF 2021 PROPERTY TAX LEVY

General Purpose Tax	\$ 9,503,731.64
Year-end Penalty	1,906.23
Added & Omitted Taxes	33,020.10
Total	\$ 9,538,657.97
TAX LEVY:	
Local District School Tax	\$ 4,672,561.00
County Taxes:	
General County Tax	\$ 4,041,937.42
County Open Space	67,261.38
Due County for Added & Omitted Taxes	14,282.31
Municipal Open Space	\$4,123,481.11
Local Tax for Municipal Purposes	33,966.00
Add: Additional Tax Levied	686,900.00
	21,749.86
Total	\$ 9,538,657.97

**TOWNSHIP OF UPPER PITTSBORO
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 240,754.00
Increased by:	
Transfers from Taxes Receivable	26,753.91
Subtotal	267,507.91
Decreased by:	
Overpayment Applied	14.43
Canceled	398.72
Lien Payments Received	29,221.15
Subtotal	29,634.30
Balance December 31, 2021	<u>\$ 237,873.61</u>

**SCHEDULE OF DUE FROM STATE OF NJ
VETERAN AND SENIOR CITIZEN DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 1,669.72
Increased by:	
Senior Citizen & Veterans Deductions Per Tax Billings	\$ 29,500.00
Deductions Allowed by Tax Collector - Taxes	2,250.00
	31,750.00
Deductions Disallowed by Tax Collector - Taxes Prior Year Taxes	(1,250.00) 30,500.00
Subtotal	32,169.72
Decreased by:	
Cash Receipts	29,250.00
Balance December 31, 2021	<u>\$ 2,919.72</u>

**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	ACCRUED IN 2021	REALIZED	BALANCE DECEMBER 31, 2021
Miscellaneous Revenue Anticipated			
Fees & Permits	\$ 27,609.25	\$ 27,609.25	
Fines & Costs:			
Municipal Court	18,345.14	18,345.14	780.46
Interest & Costs on Taxes	61,364.21	61,364.21	
Energy Receipts Tax	444,774.00	444,774.00	
Uniform Fire Safety Act	14,492.49	14,492.49	
Miscellaneous Revenue Not Anticipated			
Interest on Deposits	17,222.62	17,222.62	
Certificate of Occupancy	2,075.00	2,075.00	
Zoning & Planning	2,961.00	2,961.00	
Recycling and White Goods	19,634.37	19,634.37	
Elmer Borough Shared Service	30,601.65	30,601.65	
Reimbursements	10,923.99	10,923.99	
SREC's	5,438.00	5,438.00	
Farm Rent	2,252.25	2,252.25	
Administrative Fees	760.80	760.80	
Other Fees	605.00	605.00	
Safety Award	423.49	423.49	
Total Miscellaneous Revenues	<u>\$ 659,483.26</u>	<u>\$ 659,483.26</u>	<u>\$ 780.46</u>

**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2021**

OPERATIONS	BALANCE DEC. 31, 2020 RESERVED	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Other Accounts - No Change	\$ 240,962.22	\$ 240,962.22	\$ -	\$ 240,962.22
Total General Appropriations for Municipal Purposes Within "CAPS"	240,962.22	240,962.22	-	240,962.22
Contingent	1,000.00	1,000.00		1,000.00
Deferred Charges & Statutory Expenditures Municipal Within "CAPS":				
Statutory Expenditures:				
Other Accounts - No Change	5,268.41	5,268.41	-	5,268.41
Total Deferred Charges & Statutory Expenditures Within "CAPS"	5,268.41	5,268.41	-	5,268.41
Operations Excluded From "CAPS":				
Shared Service Agreement:		-		
Municipal Court	14,857.00	14,857.00	1,985.00	12,872.00
Other Accounts - No Change	3,325.00	3,325.00	-	3,325.00
Total Operations Excluded from "CAPS"	18,182.00	18,182.00	1,985.00	16,197.00
Grand Total All Appropriations	\$ 265,412.63	\$ 265,412.63	\$ 1,985.00	\$ 263,427.63

**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 7,403.83
Increased by:	
Current Year Appropriations	<u>68,311.79</u>
	75,715.62
Decreased by:	
Payments	6,291.64
Canceled	<u>1,112.19</u>
	<u>7,403.83</u>
Balance December 31, 2021	<u><u>\$ 68,311.79</u></u>

**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	
School Tax Payable	\$ 1,414,529.00
Increased by:	
Levy - Calendar Year 2021	<u>4,672,561.00</u>
Subtotal	6,087,090.00
Decreased by:	
Disbursements	<u>4,589,529.00</u>
Balance December 31, 2021	
School Tax Payable	<u><u>1,497,561.00</u></u>
<u>2021 Liability for Local District Tax:</u>	
Tax Paid	\$ 4,589,529.00
Tax Payable December 31, 2021	<u>1,497,561.00</u>
	6,087,090.00
Less:	
Tax Payable December 31, 2021	<u>1,414,529.00</u>
Amount Charged to 2021 Operations	<u><u>\$ 4,672,561.00</u></u>

**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$ -
Increased by:		
County Tax	\$ 4,041,937.42	
County Open Space Tax	67,261.38	4,109,198.80
		<hr/>
Subtotal		4,109,198.80
Decreased by:		
Disbursements		<hr/> 4,109,198.80
Balance December 31, 2021		<hr/> <hr/> \$ -

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$ -
Increased by:		
County Share of 2021 Added Taxes		<hr/> 14,282.31
Subtotal		14,282.31
Decreased by:		
Disbursements		<hr/> 14,282.31
Balance December 31, 2021		<hr/> <hr/> \$ -

TOWNSHIP OF UPPER PITTSBORO
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-53 - SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2021

	ORIGINAL AMOUNT AUTHORIZED	1/5 OF AMOUNT AUTHORIZED	DATE	BALANCE DECEMBER 31, 2020	DECREASED BY		BALANCE DECEMBER 31, 2021
					2021	BUDGET	
Property Revaluation	\$ 155,850.00	\$ 31,170.00	11/12/19	\$ 124,680.00	\$ 31,170.00	\$	93,510.00

**TOWNSHIP OF UPPER PITTSBURGH
CURRENT FUND
SCHEDULE OF RESERVE FOR MASTER PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 10,034.65
Decreased by:	
Cash Disbursements	<u>4,800.00</u>
Balance December 31, 2021	<u><u>\$ 5,234.65</u></u>

**SCHEDULE OF RESERVE FOR REVALUATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 7,343.00
Decreased by:	
Cash Disbursements	<u>3,117.00</u>
Balance December 31, 2021	<u><u>\$ 4,226.00</u></u>

**TOWNSHIP OF UPPER PITTSBORO
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF FEDERAL, STATE AND OTHER GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	BUDGET REVENUE REALIZED	RECEIVED	BALANCE DECEMBER 31, 2021
State Grants:				
Municipal Alliance Grant	\$ 11,296.78	\$ 1,588.70	\$ 1,980.11	\$ 10,905.37
Clean Communities Program		14,530.85	14,530.85	-
Recycling Tonnage	1,707.44	10,266.69	10,266.69	1,707.44
New Jersey Transportation Trust Fund				
NJDOT Grant 2020	61,489.77			61,489.77
	<u>\$ 74,493.99</u>	<u>\$ 26,386.24</u>	<u>\$ 26,777.65</u>	<u>\$ 74,102.58</u>

**TOWNSHIP OF UPPER PITTSBURGH
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2021**

	CASH	BALANCE
<u>STATE GRANTS</u>	RECEIPTS	DECEMBER 31, 2021
American Rescue Funds	\$ 175,581.50	\$ 175,581.50
Total All Grant	<u>\$ 175,581.50</u>	<u>\$ 175,581.50</u>

**TOWNSHIP OF UPPER PITTSBORO
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	TRANSFER FROM BUDGET APPROPRIATION	EXPENDED	BALANCE DECEMBER 31, 2021
Municipal Alliance Grant	\$ 12,580.74	\$ 1,985.88	\$ 1,983.15	\$ 12,583.47
New Jersey Transportation Trust Fund				
NJDOT 2016	17,173.17			17,173.17
NJDOT 2020	45,594.06		1,105.00	44,489.06
Clean Communities	21,943.44	14,530.85	16,965.79	19,508.50
Recycling Tonnage Grant	20,857.95	10,266.69	2,375.00	28,749.64
Total All Grants	\$ 118,149.36	\$ 26,783.42	\$ 22,428.94	\$ 122,503.84

TRUST FUND

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**TOWNSHIP OF UPPER PITTSBORO
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2020	\$ 1,796.73	\$ 760,599.67
Increased by Receipts:		
Animal Control	\$ 2,949.60	\$ -
Dog Registration Fees - Due State of New Jersey	413.40	
Farmland Preservation		38,681.09
Municipal Alliance		1,275.00
Alternate Escrow Closure		944.66
Landfill Closure Escrow		156.36
Developer's Escrow		8,481.00
Affordable Housing		3,435.12
Performance Bond Escrow		693.00
Maintenance Bond Escrow		5,544.00
Due Current Fund Interest	8.41	1,572.01
	<u>3,371.41</u>	<u>60,782.24</u>
Total Increases		
	<u>3,371.41</u>	<u>60,782.24</u>
Total Increases & Balances	<u>5,168.14</u>	<u>821,381.91</u>
Dog Registration Fees - Due State of New Jersey	413.40	
Statutory Expenditures	4,627.00	
Municipal Alliance		1,204.13
Developer's Escrow		9,862.63
Due Current Fund Interest		1,281.35
	<u>5,040.40</u>	<u>12,348.11</u>
Total Disbursements		
	<u>5,040.40</u>	<u>12,348.11</u>
Balance December 31, 2021	<u>\$ 127.74</u>	<u>\$ 809,033.80</u>

**TOWNSHIP OF UPPER PITTSBORO
TRUST OTHER FUND
SCHEDULE OF CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 33,812.86
Increased by Receipts:	
Redemption of Liens	123,856.08
Premiums on Sales	32,200.00
Interest on Investments	<u>85.01</u>
Total Increases	<u>156,141.09</u>
Subtotal	189,953.95
Decreased by Disbursements:	
Redemption of Liens	123,856.08
Premiums on Sales	<u>28,600.00</u>
Total Disbursements	<u>152,456.08</u>
Balance December 31, 2021	<u><u>\$ 37,497.87</u></u>

**TOWNSHIP OF UPPER PITTSBURGH
TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 1,796.20
Increased by:	
Receipts:	
Dog License Fees	<u>2,949.60</u>
Subtotal	4,745.80
Decreased by:	
Dog License Expenses	<u>4,627.00</u>
Balance December 31, 2021	<u><u>\$ 118.80</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2020	\$ 3,851.20
2019	<u>3,619.60</u>
Total	<u><u>\$ 7,470.80</u></u>

**TOWNSHIP OF UPPER PITTSBURGH
TRUST OTHER FUND
SCHEDULE OF TRUST FUND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2021**

PURPOSE	BALANCE DECEMBER 31, 2020	RECEIPTS	DISBURSEMENTS	ENCUMBERED	ADJUSTMENTS	BALANCE DECEMBER 31, 2021
Farmland Preservation	\$ 68,512.87	\$ 38,681.09				\$ 107,193.96
Municipal Alliance	7,749.58	1,275.00	1,204.13			7,820.45
Donations Veterans Memorial Monumet	653.10					653.10
Alternate Escrow Closure	152,019.36	944.66				152,964.02
Landfill Closure Escrow	25,432.82	156.36				25,589.18
Tax Sale Premiums	33,800.00	32,200.00	28,600.00			37,400.00
Tax Sale Redemptions		123,856.08	123,856.08			-
Developer's Escrow	89,754.32	8,481.00	9,862.63	722.29	275.19	87,925.59
Affordable Housing	416,158.70	3,435.12				419,593.82
Performance Bond		693.00				693.00
Maintenance Bond		5,544.00				5,544.00
Total	<u>\$ 794,080.75</u>	<u>\$ 215,266.31</u>	<u>\$ 163,522.84</u>	<u>\$ 722.29</u>	<u>\$ 275.19</u>	<u>\$ 845,377.12</u>
Cash Receipts & Disbursements - Other		\$ 59,210.23	\$ 11,066.76			
Cash Receipts & Disbursements - Collector		156,056.08	152,456.08			
		<u>\$ 215,266.31</u>	<u>\$ 163,522.84</u>			

GENERAL CAPITAL FUND

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**TOWNSHIP OF UPPER PITTSBURGH
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020			\$ 896,316.08
Increased by Receipts:			
Due Current Fund - Interest Earned	\$ 2,739.91		
Due Current Fund	79,778.73		
Capital Improvement Fund	200,000.00	282,518.64	
			<hr/>
Subtotal			1,178,834.72
Decreased by Disbursements:			
Reserve for Farmland Preservation	15,405.00		
Due Current Fund	2,519.93		
Improvement Authorizations	306,811.77	324,736.70	
			<hr/>
Balance December 31, 2021			<u><u>\$ 854,098.02</u></u>

**TOWNSHIP OF UPPER PITTSBURGH
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	RECEIPTS		DISBURSEMENTS		BALANCE DECEMBER 31, 2021
		BUDGET APPROPRIATION	MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS TRANSFERS	
Capital Improvement Fund						
Due Current Fund	\$ 572,333.09	\$ 200,000.00	\$ -	\$ -	\$(110,000.00)	662,333.09
Due Farmland Preservation	(80,883.94)		82,518.64		2,519.93	(885.23)
Reserve for:	0.07				0.07	0.07
Farmland Preservation	81,037.52				15,405.00	65,632.52
Improvement Authorizations:						
ORDINANCE						
NUMBER						
2014-4	5,707.00					5,707.00
2015-3	13,480.74					13,480.74
2016-4	907.76					907.76
2018-3	468.20					468.20
2019-1	78,150.49			28,671.10		49,479.39
2019-4	9,278.50			2,946.50		6,332.00
2020-4	215,836.65			165,194.17		50,642.48
2021-5				110,000.00	110,000.00	-
Total	\$ 896,316.08	\$ 200,000.00	\$ 82,518.64	\$ 306,811.77	\$ 17,924.93	\$ 854,098.02

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 572,333.09
Increased by:	
Budget Appropriation	<u>200,000.00</u>
Subtotal	772,333.09
Decreased by:	
Financed Improvement Authorizations	<u>110,000.00</u>
Subtotal	110,000.00
Balance December 31, 2021	<u><u>\$ 662,333.09</u></u>

**TOWNSHIP OF UPPER PITTSBORO
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE Dec. 31, 2020		AUTHORIZATION	EXPENDED	BALANCE Dec. 31, 2021	
		DATE	AMOUNT	FUNDED				FUNDED	
2014-4	Purchase of a Public Works Truck	06/10/2014	\$ 62,000.00	\$ 5,707.00	\$ -	\$ -	\$ -	\$ 5,707.00	
2015-3	Street Light Conversions to LEDS	06/09/2015	50,000.00	13,480.74				13,480.74	
2016-4	2016 Maintenance & Repair Program	07/15/2016	135,000.00	907.76				907.76	
2018-3	2018 Maintenance & Repair Program	08/14/2018	90,000.00	468.20				468.20	
2019-1	Farmland Preservation	03/12/2019	118,000.00	78,150.49			28,671.10	49,479.39	
2019-4	2019 Maintenance & Repair Program	07/09/2019	100,000.00	9,278.50			2,946.50	6,332.00	
2020-4	2020 Maintenance & Repair Program	07/14/2020	240,000.00	215,836.65			165,194.17	50,642.48	
2021-5	2021 Maintenance & Repair Program	06/08/2021	110,000.00		110,000.00		110,000.00		
Total				\$ 323,829.34	\$ 110,000.00	\$ 306,811.77	\$ 127,017.57		

SUPPLEMENTARY DATA

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TOWNSHIP OF UPPER PITTSBURGH

PART II

**LETTER OF COMMENTS AND RECOMMENDATIONS -
REGULATORY BASIS**

FOR THE YEAR ENDED DECEMBER 31, 2021

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**TOWNSHIP OF UPPER PITTSBURGH
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Financial Statement Findings

Finding 2021-001

Criteria or specific requirement:

The general ledger shall be the official permanent financial record of the local unit. It shall provide a summary of all financial transactions as they have been recorded in the books of original entry, using a double entry, self-balancing accounting system with the general ledger facilitating the preparation of the financial statements. The general ledger, together with the books of original entry and supporting subsidiary ledgers shall constitute the complete accounting system.

Condition:

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

Cause:

The Chief Financial Officer did not reconcile the general ledger with the supporting subsidiary ledgers.

Effect or potential effect:

The Township is not in compliance with the provisions of the Administrative Code NJAC 5:30-5.7.

Recommendation:

The Chief Financial Officer ensure that required journal entries are made to the general ledger to constitute a complete accounting system.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

**TOWNSHIP OF UPPER PITTSBURGH
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Finding No. 2020-001

Condition:

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

Current Status:

This finding has not been corrected. See Finding 2021-001.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

N/A – No State Single Audit in prior year.

TOWNSHIP OF UPPER PITTSBURGH

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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OFFICIALS IN OFFICE

The following officials were in office at December 31, 2021:

<u>Name</u>	<u>Title</u>
Edward J. Meschi	Mayor
Bruce W. Bishop	Committeeman
Jack R. Cimprich	Committeeman
Michael J. Seery, Sr.	Committeeman
David Zeck, Sr.	Committeeman
Susan DeFrancesco	Chief Financial Officer/Tax Collector
Linda Stephens	Township Clerk

Honorable Mayor and Members
of the Township Committee
Township of Upper Pittsgrove
Elmer, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2021.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500 for the year ended December 31, 2021.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

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

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 5, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Upper Pittsgrove, County of Salem, State of New Jersey, hereby fix the rate of interest at the rate of eight (8) percent per annum on the first \$1,500.00 of delinquency and 18% per annum on any amount in excess of \$1,500.00.

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

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

OTHER COMMENTS (FINDINGS):

***Finding 2021-001** (*Finding 2021-001 in the Schedule of Financial Statements Findings Section*)

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

*Denotes Prior Year Finding.

RECOMMENDATIONS:

Finding 2021-001

The Chief Financial Officer ensure that required journal entries are made to the general ledger to constitute a complete accounting system.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

A handwritten signature in black ink that reads "Michael Holt". The signature is written in a cursive, flowing style.

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
June 8, 2022