

**TOWNSHIP OF DENNIS
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2022**

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TOWNSHIP OF DENNIS

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2022



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of Township Committee
Township of Dennis
County of Cape May, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Dennis, as of December 31, 2022 and 2021, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Dennis as of December 31, 2022 and 2021, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2022 and 2021, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2022 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Dennis on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2023, on our consideration of the Township of Dennis's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Dennis's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

May 12, 2023

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 6,263,778.26	5,580,010.34
Cash - Change	800.00	800.00
Total Cash	<u>6,264,578.26</u>	<u>5,580,810.34</u>
Other Receivables:		
Due from State:		
Chapter 20 P.L. 1971	31,257.58	20,580.06
Total Other Receivables	<u>31,257.58</u>	<u>20,580.06</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	318,177.91	369,619.58
Tax Title and Other Liens	270,255.81	262,567.86
Due from Trust	111,149.72	82,002.24
Property Acquired for Taxes - at Assessed Valuation	704,655.00	704,655.00
Total Receivables and Other Assets	<u>1,404,238.44</u>	<u>1,418,844.68</u>
Total Regular Fund	<u>7,700,074.28</u>	<u>7,020,235.08</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	759,768.45	426,630.01
Due from Current Fund	599,247.46	298,074.96
Total Federal and State Grant Fund	<u>1,359,015.91</u>	<u>724,704.97</u>
Total Current Fund	<u>\$ 9,059,090.19</u>	<u>7,744,940.05</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2022</u>	<u>2021</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 186,845.91	424,240.32
Reserve for Encumbrances	110,739.29	92,614.19
Accounts Payable	7,400.00	-
Prepaid Taxes	702,171.97	527,649.84
Overpaid Taxes	26,002.95	26,978.04
Local School Tax Payable	1,792,657.96	1,883,864.50
Due to Upper Twp Municipal Court	-	1,143.40
Due to State:		
Marriage Licenses	-	250.00
Interfund Payable:		
General Capital Fund	623,992.93	505,471.38
Trust - Other	49,904.35	49,904.35
Federal and State Grant Fund	599,247.46	298,074.96
Other:		
Reserve for Municipal Relief Fund	78,984.32	-
Reserve for Tax Appeals Pending	111,149.72	82,002.24
Reserve for Tax Map Revisions	8,272.60	8,272.60
	4,297,369.46	3,900,465.82
Reserve for Receivables and Other Assets	1,404,238.44	1,418,844.68
Fund Balance	1,998,466.38	1,700,924.58
Total Regular Fund	7,700,074.28	7,020,235.08
Federal and State Grant Fund:		
Unappropriated Reserves	-	-
Appropriated Reserves	1,344,037.44	572,105.72
Encumbrances Payable	14,978.47	152,599.25
Total Federal and State Grant Fund	1,359,015.91	724,704.97
Total Current Fund	\$ 9,059,090.19	7,744,940.05

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

	2022	2021
Revenue and Other Income Realized		
Fund Balance	\$ 689,500.00	592,400.00
Miscellaneous Revenue Anticipated	2,803,530.85	2,714,514.59
Receipts from Delinquent Taxes and Tax Title Liens	390,400.79	276,015.92
Receipts from Current Taxes	16,508,712.42	16,124,002.30
Non Budget Revenue	282,895.76	214,056.79
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	383,211.91	348,653.43
Interfund Returned	-	338.05
Total Income	21,058,251.73	20,269,981.08
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	959,428.50	1,037,000.00
Other Expenses	2,832,872.34	2,610,216.00
Deferred Charges & Statutory Expenditures	230,398.00	228,120.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	825,664.66	732,419.25
Capital Improvements	15,000.00	16,500.00
Debt Service	418,286.14	418,235.15
Deferred Charges	-	49,947.86
Local District School Tax	10,885,315.00	10,857,728.00
County Tax	2,896,524.11	2,650,362.66
Special District Taxes	978,078.49	916,607.84
Receivable Created	29,147.48	48,854.88
Prior Year Senior Citizens Disallowed	495.21	4,575.26
Total Expenditures	20,071,209.93	19,570,566.90
Excess in Revenue	987,041.80	699,414.18

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

	2022	2021
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	987,041.80	699,414.18
Fund Balance January 1	1,700,924.58	1,593,910.40
	2,687,966.38	2,293,324.58
Decreased by:		
Utilization as Anticipated Revenue	689,500.00	592,400.00
Fund Balance December 31	\$ 1,998,466.38	1,700,924.58

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 689,500.00	-	689,500.00	-
Total Fund Balance Anticipated	689,500.00	-	689,500.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Interest and Costs on Taxes	60,000.00		71,088.13	11,088.13
Lease of Township Property	56,000.00		115,718.63	59,718.63
Total Section A: Local Revenues	116,000.00	-	186,806.76	70,806.76
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	1,514,157.00		1,514,157.00	-
Garden State Preservation Trust Fund	129,366.00		129,366.00	-
Total Section B: State Aid Without Offsetting Appropriations	1,643,523.00	-	1,643,523.00	-
Section D: Interlocal Municipal Service Agreements				
Cable Franchise Fee	31,045.18		31,045.18	-
Total Section D: Interlocal Municipal Service Agreements	31,045.18	-	31,045.18	-

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	8,514.61	-	-
ACM JIF Wellness Incentive Program	600.00	-	-
ACM JIF Safety Incentive Program	1,250.00	1,000.00	-
ACM JIF EPL/Cyber Risk Management	725.00	725.00	-
Coronavirus Local Fiscal Recovery Fund	321,541.80	321,541.80	-
Local Recreational Improvement 2021	50,000.00	50,000.00	-
Small Cities CDBG Grant - ADA Town Hall		399,594.18	-
Clean Communities Program		22,639.30	-
Municipal Alcohol Education/Rehabilitation Program		5,685.56	-
Municipal Alliance - 2023		3,201.00	-
Municipal Alliance - 2023		1,215.46	-
Municipal Alliance - 2023		3,118.00	-
Sustainable Jersey Small Grants Program		5,000.00	-
Total Section F: Special Items - Public and Private Programs	382,631.41	441,453.50	-
Off-Set with Appropriations			
Section G: Other Special Items			
Reserve for Debt Payments	118,071.50	118,071.00	(0.50)
Total Section G: Other Special Items	118,071.50	118,071.00	(0.50)
Total Miscellaneous Revenues:	2,291,271.09	441,453.50	70,806.26
Receipts from Delinquent Taxes	342,582.37	390,400.79	47,818.42
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	2,061,641.19	2,293,592.82	231,951.63
Total Amount to be Raised by Taxes for Support of Municipal Budget	2,061,641.19	2,293,592.82	231,951.63
Budget Totals	5,384,994.65	441,453.50	350,576.31
Non- Budget Revenues:			
Other Non- Budget Revenues:		282,895.76	282,895.76
\$	5,384,994.65	441,453.50	633,472.07

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections		16,537,859.90
Less: Reserve for Tax Appeals Pending		<u>29,147.48</u>
Net Revenue from Collections		16,508,712.42
Allocated to:		
School, County and Other Taxes		<u>14,759,917.60</u>
Balance for Support of Municipal Budget Appropriations		1,748,794.82
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>544,798.00</u>
Amount for Support of Municipal Budget Appropriations		<u><u>2,293,592.82</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection		368,958.25
Tax Title Lien Collections		<u>21,442.54</u>

Total Receipts from Delinquent Taxes 390,400.79

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Municipal Clerk's Receipts		780.00
Copies		173.63
Municipal Court Receipts		17,141.80
Miscellaneous Tax Collector		1,444.93
Foreclosed Outside Liens		35,000.00
Property Lists		290.00
Planning/Zoning Board		11,775.00
Abandoned Properties		26,000.00
Campground Licenses		11,446.00
Street Openings		800.00
Vital Statistics		2,568.00
Reimbursements		77,342.56
Sale of Surplus Property		25,188.23
State of NJ 2% Admin		1,315.00
Liquor License Renewals		2,463.00
Interest on Investment		61,699.61
Miscellaneous		7,468.00

Total Miscellaneous Revenue Not Anticipated: 282,895.76

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Committee						
Salaries & Wages	40,000.00	40,000.00	39,709.28		290.72	-
Other Expenses	3,500.00	5,100.00	4,580.15	489.00	30.85	-
Township Clerk						
Salaries & Wages	95,500.00	96,800.00	96,719.33		80.67	-
Other Expenses	18,000.00	19,400.00	16,245.96	1,250.00	1,904.04	-
Financial Administration						
Salaries & Wages	87,500.00	93,000.00	92,267.90		732.10	-
Other Expenses	8,000.00	8,700.00	8,144.67		555.33	-
Audit Services						
Other Expenses	30,600.00	30,600.00	30,600.00		-	-
Township Administrator						
Salaries & Wages	16,500.00	26,500.00	24,933.94		1,566.06	-
Other Expenses	8,000.00	18,000.00	17,995.47		4.53	-
Assessment of Taxes						
Salaries & Wages	41,500.00	35,000.00	33,928.28		1,071.72	-
Other Expenses	18,000.00	8,000.00	6,157.84	947.00	895.16	-
Collection of Taxes						
Salaries & Wages	89,000.00	89,000.00	88,903.84		96.16	-
Other Expenses	9,500.00	22,500.00	6,383.34	15,388.25	728.41	-
Legal Services						
Other Expenses	101,500.00	101,500.00	85,826.48	2,500.00	13,173.52	-
Engineering Services						
Other Expenses	40,000.00	40,000.00	16,973.00	10,444.18	12,582.82	-
State and Federal Aid Coordinator						
Other Expenses	5,000.00	5,000.00	375.00	4,625.00	-	-
Municipal Court						
Other Expenses	127,000.00	127,000.00	126,969.29		30.71	-
Computer Technology						
Other Expenses	27,000.00	29,500.00	28,803.53		696.47	-
LAND USE ADMINISTRATION						
Planning and Zoning						
Salaries & Wages	15,000.00	15,000.00	13,536.72		1,463.28	-
Other Expenses	20,000.00	21,500.00	19,451.67	1,275.00	773.33	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
INSURANCE						
General Liability	31,000.00	35,000.00	34,581.60		418.40	-
Workers Compensation Insurance	131,000.00	131,000.00	126,130.19		4,869.81	-
Employee Group Health	606,500.00	594,170.25	548,048.93		46,121.32	-
Health Benefits Waiver	2,802.25	5,152.25	5,123.00		29.25	-
PUBLIC SAFETY						
Emergency Management Services						
Salaries & Wages	10,500.00	10,500.00	9,936.68		563.32	-
Other Expenses	2,000.00	2,000.00	913.88		1,086.12	-
Central Dispatch						
Other Expenses	25,000.00	25,000.00	25,000.00		-	-
Emergency Medical Services						
Other Expenses	195,000.00	195,000.00	195,000.00		-	-
School Security Officer						
Other Expenses	52,000.00	52,000.00	52,000.00		-	-
PUBLIC WORKS						
Department of Public Works						
Salaries & Wages	407,500.00	381,500.00	369,138.82		12,361.18	-
Other Expenses	95,000.00	95,000.00	60,415.17	19,758.49	14,826.34	-
Public Buildings and Grounds						
Other Expenses	40,000.00	65,000.00	41,593.05	17,789.95	5,617.00	-
Gypsy Moth						
Other Expenses	89,049.84	89,049.84	89,049.84		-	-
Solid Waste Collection						
Other Expenses	477,700.00	477,700.00	477,666.72		33.28	-
HEALTH AND WELFARE						
Board of Health						
Other Expenses	1,000.00	1,000.00	524.03		475.97	-
Animal Control						
Other Expenses	110,000.00	110,000.00	109,128.48	144.00	727.52	-
Environmental Commission						
Other Expenses	500.00	500.00	375.00		125.00	-
Municipal Alliance Committee						
Salaries & Wages	5,200.00	5,200.00	4,968.34		231.66	-
Senior Center						
Salaries & Wages	49,000.00	19,000.00	15,758.09		3,241.91	-
Other Expenses	12,500.00	12,500.00	1,740.91		10,759.09	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PARK AND RECREATION						
Recreation						
Salaries & Wages	166,000.00	147,928.50	135,232.96		12,695.54	-
Other Expenses	33,000.00	33,000.00	29,694.02	25.94	3,280.04	-
Parks and Playgrounds						
Other Expenses	30,000.00	30,000.00	23,230.08	1,700.00	5,069.92	-
History Center & Cultural Heritage						
Other Expenses	2,000.00	2,000.00	976.02		1,023.98	-
UNCLASSIFIED						
Special Events	13,500.00	14,000.00	12,231.39	1,196.60	572.01	-
Sick and Terminal Leave	10,000.00	1,000.00			1,000.00	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	65,000.00	65,000.00	59,832.33	662.14	4,505.53	-
Telecommunications Costs						
Telephone	20,000.00	20,000.00	16,833.31	654.66	2,512.03	-
Internet	9,000.00	9,000.00	8,540.41	87.70	371.89	-
Gas (Propane)	39,000.00	44,000.00	40,198.62	3,801.38	-	(0.00)
Gasoline and Diesel Fuel	35,000.00	37,000.00	30,770.13	3,000.00	3,229.87	-
LANDFILL/SOLID WASTE DISPOSAL						
Landfill Disposal Costs	245,000.00	251,000.00	221,018.29	25,000.00	4,981.71	-
TOTAL OPERATIONS WITHIN "CAPS"	<u>3,811,852.09</u>	<u>3,792,300.84</u>	<u>3,504,155.98</u>	<u>110,739.29</u>	<u>177,405.57</u>	<u>(0.00)</u>
Contingent	-	-				-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>3,811,852.09</u>	<u>3,792,300.84</u>	<u>3,504,155.98</u>	<u>110,739.29</u>	<u>177,405.57</u>	<u>(0.00)</u>
Detail:						
Salaries & Wages	1,023,200.00	959,428.50	925,034.18	-	34,394.32	-
Other Expenses	2,788,652.09	2,832,872.34	2,579,121.80	110,739.29	143,011.25	(0.00)

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
None	-	-	-	-	-
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	129,498.00	129,498.00	129,498.00	-	-
Social Security System (O.A.S.I.)	85,000.00	85,000.00	80,833.07	4,166.93	-
Unemployment Compensation Insurance	8,300.00	8,300.00	5,848.43	2,451.57	-
Defined Contribution Retirement Program (DCRP)	7,600.00	7,600.00	4,778.16	2,821.84	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	230,398.00	230,398.00	220,957.66	9,440.34	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	4,042,250.09	4,022,698.84	3,725,113.64	110,739.29	(0.00)
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Public and Private Programs Off-Set by Revenues					
Matching Funds for Grants	100.00	1,579.75	1,579.75	-	-
Recycling Tonnage Program	8,514.61	8,514.61	8,514.61	-	-
ACM JIF Wellness Incentive Program	600.00	600.00	600.00	-	-
ACM JIF Safety Incentive Program	1,250.00	2,250.00	2,250.00	-	-
ACM JIF EPL/CYBER Risk Management	725.00	725.00	725.00	-	-
Coronavirus Local Fiscal Recovery Fund	321,541.80	321,541.80	321,541.80	-	-
Local Recreational Improvement 2021	50,000.00	50,000.00	50,000.00	-	-
Small Cities CDBG Grant - ADA Town Hall	399,594.18	399,594.18	399,594.18	-	-
Clean Communities Program	22,639.30	22,639.30	22,639.30	-	-
Municipal Alcohol Education/Rehabilitation Program		5,685.56	5,685.56	-	-
Municipal Alliance - 2023		3,201.00	3,201.00	-	-
Municipal Alliance - 2023		1,215.46	1,215.46	-	-
Municipal Alliance - 2023		3,118.00	3,118.00	-	-
Sustainable Jersey Small Grants Program		5,000.00	5,000.00	-	-
Total Public and Private Programs Off-Set by Revenues	382,731.41	825,664.66	825,664.66	-	-
Total Operations - Excluded from "CAPS"	382,731.41	825,664.66	825,664.66	-	-
Detail:					
Salaries & Wages	-	-	-	-	-
Other Expenses	382,731.41	825,664.66	825,664.66	-	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	15,000.00	15,000.00	15,000.00	-	-	-
Total Capital Improvements	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service						
Payment of Bond Principal	250,000.00	250,000.00	250,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	118,071.50	118,071.50	118,071.00	-	-	0.50
Interest on Bonds	23,250.00	23,250.00	23,250.00	-	-	-
Interest on Notes	8,893.65	26,965.15	26,965.14	-	-	0.01
Total Debt Service	<u>400,215.15</u>	<u>418,286.65</u>	<u>418,286.14</u>	<u>-</u>	<u>-</u>	<u>0.51</u>
(E) Deferred Charges						
None	-	-	-	-	-	-
Total Deferred Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>797,946.56</u>	<u>1,258,951.31</u>	<u>1,258,950.80</u>	<u>-</u>	<u>-</u>	<u>0.51</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>4,840,196.65</u>	<u>5,281,650.15</u>	<u>4,984,064.44</u>	<u>110,739.29</u>	<u>186,845.91</u>	<u>0.51</u>
(M) Reserve for Uncollected Taxes	544,798.00	544,798.00	544,798.00	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 5,384,994.65</u>	<u>5,826,448.15</u>	<u>5,528,862.44</u>	<u>110,739.29</u>	<u>186,845.91</u>	<u>0.51</u>
Budget Appropriations by 40A:4-87 Emergency						
		5,384,994.65			Cancelled	0.51
		441,453.50			Overexpended	(0.00)
		<u>-</u>			<u>0.51</u>	<u>0.51</u>
		<u>5,826,448.15</u>				
Reserve for Uncollected Taxes		544,798.00				
Federal and State Grants		825,664.66				
Deferred Charges		-				
Capital Improvement Fund Disbursements		15,000.00				
		4,143,399.78				
		<u>5,528,862.44</u>				

**EXHIBIT - B
TRUST FUND**

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

	2022	2021
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 2,591.49	295.89
	2,591.49	295.89
<u>Other Funds</u>		
Cash and Investments	1,056,329.11	833,816.19
Due from Current Fund	49,904.35	49,904.35
	1,106,233.46	883,720.54
	\$ 1,108,824.95	884,016.43

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

	2022	2021
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 2,591.49	295.89
	2,591.49	295.89
<u>Other Funds</u>		
Due to State of New Jersey	3,909.00	3,346.00
Due to Current Fund	111,149.72	82,002.24
Accounts Payable	49,904.35	-
Reserve for Construction Code	48,146.73	36,814.22
Deposits for Tax Title Lien Certificates	171,335.86	81,800.00
Reserve for Small Cities Escrow	-	49,904.35
Reserve for Recreation Trust	79,342.36	52,105.23
Reserve for Payroll	3,305.83	-
Reserve for Planning Board Escrows	637,641.63	576,250.52
Reserve for Municipal Alliance	1,497.98	1,497.98
	1,106,233.46	883,720.54
	\$ 1,108,824.95	884,016.43

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Deferred Charges to Future Taxation -		
Funded	\$ 810,000.00	1,060,000.00
Unfunded	4,570,213.40	4,688,284.40
Grants Receivable	500,000.00	264,000.00
Interfunds and Receivables:		
Due from Current Fund	623,992.93	505,471.38
	<u>6,504,206.33</u>	<u>6,517,755.78</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,564,891.62	654,759.65
Bonds Payable	810,000.00	1,060,000.00
Bond Anticipation Notes	2,578,444.00	2,696,515.00
Improvement Authorizations:		
Funded	-	-
Unfunded	652,153.89	1,904,538.64
Reserve to Pay Debt Service	799,845.33	18,071.50
Capital Improvement Fund	65,424.00	50,424.00
Fund Balance	33,447.49	133,446.99
	<u>\$ 6,504,206.33</u>	<u>6,517,755.78</u>

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

2021	1,991,769.40
2022	1,991,769.40

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

	2022	2021
Beginning Balance January 1	\$ 133,446.99	14.65
Increased by:		
Close Improvement Authorizations	-	133,446.99
Decreased by:		
Appropriation to Budget Revenue	99,999.50	14.65
Ending Balance December 31	\$ 33,447.49	133,446.99

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>2022</u>	<u>2021</u>
General Fixed Assets:		
Land	\$ 340,463.00	340,463.00
Buildings	2,667,192.01	2,667,192.01
Machinery and Equipment	<u>2,230,552.25</u>	<u>2,449,933.62</u>
Total General Fixed Assets	<u><u>5,238,207.26</u></u>	<u><u>5,457,588.63</u></u>
Investment in General Fixed Assets	\$ <u><u>5,238,207.26</u></u>	<u><u>5,457,588.63</u></u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Township of Dennis is a mainland community located in the County of Cape May, State of New Jersey. The population according to the 2020 census is 6,285.

The Township of Dennis is incorporated and operates under a Mayor and Committee form of government. The Mayor is the chief executive officer of the Township and is appointed by Township Committee.

Component units are legally separate organizations for which the township is financially accountable. The township is financially accountable for an organization if the township appoints a voting majority of the organization's governing board and (1) the township is able to significantly influence the programs or services performed or provided by the organization; or (2) the township is legally entitled to or can otherwise access the organization's resources; the township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the township in that the township approves the budget, the issuance of debt or the levying of taxes. The Township of Dennis has component units consisting of three fire districts as defined by Governmental Accounting Standards Board (GASB).

B. Description of Funds

The accounting policies of the Township of Dennis conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the Township of Dennis accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis. The Township charges appropriations in their annual budget and transfers these funds to a dedicated trust fund for Sick Pay.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the municipality to resell foreclosed property, in order to recover all or a portion of the delinquent taxes or assessments by returning the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded at the market value at the time of acquisition.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies -- The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The Township has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for in the financial statements.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

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

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

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

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

Capitalization of Interest -- It is the policy of the Township of Dennis to treat interest on projects as a current expense and the interest is included in the current operating budget.

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

D. Required Financial Statements

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

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

F. Recent Accounting Pronouncements Not Yet Effective

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

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

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

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

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)". This statement, which is effective for fiscal years beginning after June 15, 2023, may have an effect on the Township's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, will not have an effect on the Township's financial statements.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the township is required to establish a reserve for uncollected taxes. The 2022 and 2021 statutory budgets included a reserve for uncollected taxes in the amount of \$544,798.00 and \$574,608.48. To balance the budget, the township is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2022 and 2021 statutory budgets was \$689,500.00 and \$592,400.00.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Committee. The following significant budget transfers were approved in the 2022 and 2021 calendar years:

<u>Budget Category</u>	<u>2022</u>	<u>2021</u>
<u>Current Fund:</u>		
Township Administrator		
Salaries and Wages	10,000.00	
Other Expenses	10,000.00	
Assessment of Taxes		
Salaries and Wages	(6,500.00)	
Other Expenses	(10,000.00)	
Collection of Taxes		
Other Expenses	13,000.00	
Insurance		
Employee Group Health	(12,329.75)	
Department of Public Works		
Salaries and Wages	(26,000.00)	
Public Buildings and Grounds		
Other Expenses	25,000.00	
Senior Center		
Salaries and Wages	(30,000.00)	
Recreation		
Salaries and Wages	(18,071.50)	(13,000.00)
Unclassified		
Sick and Terminal Leave	(9,000.00)	
Interest on Notes	18,071.50	
Gas and Diesel Fuel		7,000.00

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2022 and 2021, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2022</u>	<u>2021</u>
Clean Communities Program	\$ 22,639.30	\$ 22,284.65
Alcohol Education and Rehabilitation	5,685.56	3,862.38
Recycling Tonnage Grant		8,277.67
2021 ANJEC Open Space Stewardship Grant		1,500.00
Coronavirus Local Fiscal Recovery Fund		321,541.80
Small Cities CDBG Grant - ADA Chestnut Street Park		363,479.00
Small Cities CDBG Grant - ADA Town Hall	399,594.18	
Municipal Alliance on Alcoholism and Drug Abuse	7,534.46	3,897.50
ACMJIF Safety Incentive Program	1,000.00	
Sustainable Jersey Small Grants Program	5,000.00	

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

The township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township did not have any special emergencies as of December 31, 2022.

NOTE 3: INVESTMENTS

Pursuant to the Enabling Act, the funds of the Township may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Township may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2022 and 2021, the Township did not have any investments.

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

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

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

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the 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 fund that may pass to the township relative to the happening of a future condition. As of December 31, 2022, \$18,450.77 of the township's bank balance of \$7,388,280.94 was exposed to custodial credit risk. As of December 31, 2021, \$24,109.37 of the township's bank balance of \$6,425,343.89 was exposed to custodial credit risk.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2022 and 2021:

	Balance 12/31/2020	Additions	Adjustments/ Retirements	Balance 12/31/2021
Land	\$ 340,463.00			340,463.00
Building	2,534,392.01	132,800.00		2,667,192.01
Machinery and Equipment	2,080,449.16	369,484.46		2,449,933.62
	<u>\$ 4,955,304.17</u>	<u>502,284.46</u>	<u>-</u>	<u>5,457,588.63</u>

	Balance 12/31/2021	Additions	Adjustments/ Retirements	Balance 12/31/2022
Land	\$ 340,463.00			340,463.00
Building	2,667,192.01			2,667,192.01
Machinery and Equipment	2,449,933.62	128,891.00	(348,272.37)	2,230,552.25
	<u>\$ 5,457,588.63</u>	<u>128,891.00</u>	<u>(348,272.37)</u>	<u>5,238,207.26</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021
Bond Anticipation Notes payable:				
General	<u>\$ 2,818,515.00</u>	<u>2,696,515.00</u>	<u>2,818,515.00</u>	<u>2,696,515.00</u>
	<u>\$ 2,818,515.00</u>	<u>2,696,515.00</u>	<u>2,818,515.00</u>	<u>2,696,515.00</u>
	Balance 12/31/2021	Issued	Retired	Balance 12/31/2022
Bond Anticipation Notes payable:				
General	<u>\$ 2,696,515.00</u>	<u>2,578,444.00</u>	<u>2,696,515.00</u>	<u>2,578,444.00</u>
	<u>\$ 2,696,515.00</u>	<u>2,578,444.00</u>	<u>2,696,515.00</u>	<u>2,578,444.00</u>

The Capital Bond Anticipation Note was issued in the amount of \$2,578,444.00 on June 16, 2022 and due and payable on June 16, 2023 with interest at 3.250%. As of December 31, 2022, the township has authorized but not issued bonds in the amount of \$1,991,769.40 in the General Capital Fund.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 77,341.43		20,115.24	57,226.19	
General Capital Fund					
Bonds Payable	1,300,000.00		240,000.00	1,060,000.00	250,000.00
Total long-term liabilities	<u>\$ 1,377,341.43</u>	<u>-</u>	<u>260,115.24</u>	<u>1,117,226.19</u>	<u>250,000.00</u>
	Balance 12/31/2021	Issued	Retired	Balance 12/31/2022	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 57,226.19		11,982.94	45,243.25	
General Capital Fund					
Bonds Payable	1,060,000.00		250,000.00	810,000.00	260,000.00
Total long-term liabilities	<u>\$ 1,117,226.19</u>	<u>-</u>	<u>261,982.94</u>	<u>855,243.25</u>	<u>260,000.00</u>

Description of Bonds and Loans Payable

At December 31, 2022, bonds payable in the General Capital Fund consisted of the following individual issues:

\$2,400,000.00 General Improvement Bonds dated October 6, 2015, due in annual installments beginning October 1, 2016 through October 1, 2025, bearing interest at various rates from 2.000% to 2.375% per annum. The balance remaining as of December 31, 2022, is \$810,000.00.

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

Year Ending December 31	General Capital Fund	
	Principal	Interest
2023	\$ 260,000.00	18,250.00
2024	270,000.00	12,725.00
2025	280,000.00	6,650.00
	<u>\$ 810,000.00</u>	<u>37,625.00</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

<u>Summary of Municipal Debt</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 3,388,444.00	\$ 3,756,515.00	\$ 4,118,515.00
Total Issued	<u>3,388,444.00</u>	<u>3,756,515.00</u>	<u>4,118,515.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,991,769.40	1,991,769.40	2,195,623.00
Total Authorized But Not Issued	<u>1,991,769.40</u>	<u>1,991,769.40</u>	<u>2,195,623.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 5,380,213.40</u>	<u>\$ 5,748,284.40</u>	<u>\$ 6,314,138.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.442%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	-	-
General Debt	5,380,213.40	799,845.33	4,580,368.07
	<u>\$ 5,380,213.40</u>	<u>799,845.33</u>	<u>4,580,368.07</u>

Net Debt \$4,580,368.07 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,036,970,018.67 = 0.442%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 36,293,951.00
Net Debt	4,580,368.07
Remaining Borrowing Power	<u>\$ 31,713,582.93</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8: LEASE OBLIGATIONS

Operating Leases

In March 2021, the Township entered into an agreement to lease a postage machine for Township Hall under an operating lease. The term for the lease is 63 months and it will expire on June 17, 2026. The total monthly payment for the lease is \$57.00. The Township has the option to purchase this equipment at the termination of the lease for the fair market value.

The total operating lease payments in 2022 and 2021 were \$513.00 and \$684.00 respectively.

The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2022.

<u>Year</u>		<u>Operating</u>
2023	\$	684.00
2024		684.00
2025		684.00
2026		<u>342.00</u>
Total minimum lease payments		2,394.00
Less amount representing interest		-
Present value of minimum lease payments	\$	<u>2,394.00</u>

NOTE 9: FUND BALANCES APPROPRIATED

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

	<u>2023</u>	<u>2022</u>
Current Fund	\$ 750,000.00	689,500.00

NOTE 10: SCHOOL TAXES

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

	<u>12/31/2022</u>	<u>12/31/2021</u>
Balance of Tax	\$ 5,442,657.96	\$ 5,533,864.50
Deferred	3,650,000.00	3,650,000.00
Tax Payable	<u>\$ 1,792,657.96</u>	<u>\$ 1,883,864.50</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/2022	Balance 12/31/2021
Prepaid Taxes	<u>\$ 702,171.97</u>	<u>\$ 527,649.84</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 702,171.97</u>	<u>\$ 527,649.84</u>

NOTE 12: PENSION FUNDS

Description of Plans

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

<http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43: 15c-1 et seq. Currently there are nine individuals enrolled in DCRP.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 17.11% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2022, 2021, and 2020 were \$129,498.00, \$120,120.00, and \$109,698.00.

The total payroll for the year ended December 31, 2022 and 2021 was \$995,330.39 and \$901,995.50. Payroll covered by PERS was \$660,483.00 and \$661,182.00.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the township's pension liabilities. However, due to the fact that the township reports on the regulatory basis of accounting, no financial statement impact will be recognized.

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

Public Employees' Retirement System

The Township has a liability of \$1,309,945.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Township's proportion would be 0.01105765570%, which would be an increase of 0.70% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Township would have recognized pension expense of (\$362,269.00). At December 31, 2021, the Township would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 20,660	\$ 9,378
Changes of assumptions	6,822	466,349
Changes in proportion	31,581	393,662
Net difference between projected and actual earnings on pension plan investments		345,074
Total	<u>\$ 59,063</u>	<u>\$ 1,214,463</u>

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

Year ended June 30,	
2022	\$ (450,163)
2023	(321,415)
2024	(219,150)
2025	(164,736)
2026	64
Total	<u>\$ (1,155,400)</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

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

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the net pension liability	\$ 1,603,370	\$ 1,309,945	\$ 1,061,248

Pension plan fiduciary net position.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14: OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

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

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

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

1) retired on a disability pension;

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

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

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

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

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, where applicable, and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2021, were \$3,872,142,278 and \$14,177,910,609, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020, through June 30, 2021. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2021, is as follows:

	June 30, 2021	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,050,052,887	\$ 5,301,301
Plan Fiduciary Net Position	50,271,652	14,765
Net OPEB Liability	<u>\$ 17,999,781,235</u>	<u>\$ 5,286,536</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.28%

At June 30, 2021 the Township's proportionate share of the Collective Net OPEB Liability was \$5,286,536. The Township's proportion of the Collective Net OPEB Liability was 0.029370% which was a decrease from the prior year of 7.26%.

For the Year ended June 30, 2021 the Township's Total OPEB Expense was -\$116,682.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
PERS Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
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-2021

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

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

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

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

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Collective			
Net OPEB Liability	\$ 21,182,289,882	\$ 17,999,781,235	\$ 15,447,574,697
Proportionate Share			
Net OPEB Liability	\$ 6,221,239	\$ 5,286,536	\$ 4,536,953

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

The following presents the net OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Collective			
Net OPEB Liability	\$ 15,017,879,689	\$ 17,999,781,235	\$ 21,890,793,528
Proportionate Share			
Net OPEB Liability	\$ 4,410,751	\$ 5,286,536	\$ 6,429,326

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

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	<u>Collective Totals</u>		<u>Proportionate Share</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 403,893,589	\$ (3,765,820,027)	\$ 2,528	\$ 1,106,021
Changes of assumptions	2,589,322,345	(3,181,672,721)	760,484	934,457
Net difference between projected and actual earnings on OPEB plan investments	8,606,416		118,624	
Changes in proportion and differences between contributions and proportionate share of contributions	5,534,468,995	(5,534,468,995)	754,650	1,310,852
Total	<u>\$ 8,536,291,345</u>	<u>\$ (12,481,961,743)</u>	<u>\$ 1,636,286</u>	<u>\$ 3,351,330</u>

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

<u>Year ended June 30,</u>	<u>Collective Totals</u>	<u>Proportionate Share</u>
2022	\$ (1,074,753,405)	1,358,567
2023	(1,076,167,210)	1,360,354
2024	(1,077,459,075)	1,361,987
2025	(769,416,743)	972,599
2026	(129,344,414)	163,501
Thereafter	181,470,449	(229,392)
Total	<u>\$ (3,945,670,398)</u>	<u>4,987,616</u>

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2021 are as follows:

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

Schedule of Township's Share of Net OPEB Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Township's Proportionate Share of Net OPEB Liability	0.029370%	0.031670%	0.027720%	0.027037%
Township's Share of Net OPEB Liability	\$ 5,286,536	5,735,904	3,830,695	4,235,784
Township's Covered Payroll	661,182	785,287	786,942	803,297
Township's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	799.56%	730.42%	486.78%	527.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.97%	1.97%	1.98%

NOTE 15: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused vacation, personal and sick time. It is the Township's policy that upon township committee approval unused vacation time may be carried forward into the next succeeding year only. Personal days must be taken during the current calendar year. Any unused personal time may not be carried forward into the next succeeding year. Employees will be paid for earned but unused sick days upon retirement at a maximum of \$12,000.00. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$45,243.25 in 2022 and \$57,226.19 in 2021. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The township does not accrue the liability.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 16: ECONOMIC DEPENDENCY

The Township of Dennis has a major source of revenue from the State of New Jersey in the form of the Energy Receipts Tax and Garden State Trust. For 2022, the Township received \$1,713,374.00, which represents approximately 31% of budgeted revenues. Any significant reduction in this State aid would have a negative impact on the Township, specifically in the form of a significant effect on the local tax levy. The Township utilizes State Police protection. Any change in this would have a negative impact on the Township.

NOTE 17: RISK MANAGEMENT

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

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2022 and 2021 the township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The township is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The township has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

NOTE 18: DEFERRED COMPENSATION

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to full-time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be trust in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements. The plan administrator is Nationwide.

NOTE 19: CONTINGENT LIABILITIES

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2022, the following interfunds were included on the balance sheets of the various funds of the Township of Dennis:

	Due From	Due To
	<u> </u>	<u> </u>
Current Fund:		
Small Cities Trust	\$	49,904.35
Other Trust	111,149.72	
General Capital Fund		623,992.93
Grant Fund		599,247.46
Grant Fund:		
Current Fund	599,247.46	
Trust Fund:		
Current Fund - Small Cities Trust	49,904.35	
Current Fund - Other Trust		111,149.72
General Capital Fund:		
Current Fund	623,992.93	
	\$ <u>1,384,294.46</u>	<u>1,384,294.46</u>

The interfund receivables and payables above resulted from collections and payments made by certain funds on behalf of other funds. During the year 2022, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

NOTE 21: SUBSEQUENT EVENTS

The Township has reviewed and evaluated all events and transactions that occurred between December 31, 2022 through May 12, 2023 the date that the financial statements were issued for possible disclosure and recognition in the financial statements.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and
Members of the Township Committee
Township of Dennis
571 Petersburg Road
Dennisville, NJ 08214

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Dennis, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 12, 2023, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Dennis prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

May 12, 2023

TOWNSHIP OF DENNIS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2022

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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

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

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

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

A corrective action plan is not required for 2022.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2021	\$	5,580,010.34
Increased by Receipts:		
Tax Collector		17,072,999.64
Revenue Accounts Receivable		1,790,286.81
Miscellaneous Revenue		281,450.83
Due from State - Veterans and Senior Citizens		65,750.00
Marriage License Fees Due to State		650.00
Due to Upper Twp Municipal Court		17,066.62
Due from Federal and State Grant Fund		490,946.47
Due from General Capital		1,063,845.33
Reserve for Municipal Relief Fund		78,984.32
		20,861,980.02
		26,441,990.36
Decreased by Disbursements:		
Current Year Appropriation		4,143,399.78
Prior Year Appropriations		93,119.64
County Taxes		2,896,524.11
Local District School Taxes		10,976,521.54
Special District Taxes		978,078.49
Refund of Tax Overpayments		4,729.06
Due State For Marriage Licenses		900.00
Due to General Capital		852,300.74
Due to Upper Twp Municipal Court		18,210.02
Due to Federal and State Grant Fund		214,428.72
		20,178,212.10
Balance December 31, 2022	\$	6,263,778.26

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

Year	Balance Dec. 31, 2021	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2022
				2021	2022			
Arrears	\$ -							
2020	85.69				1,200.00	(4,950.00)		3,750.00
2021	369,533.89				367,758.25	(365.39)	2,060.82	85.69
	<u>369,619.58</u>				<u>368,958.25</u>	<u>(5,315.39)</u>	<u>2,060.82</u>	<u>3,915.90</u>
2022	-	16,879,390.28	2,329.68	527,649.84	16,010,210.06	2,770.15	26,827.90	314,262.01
	<u>\$ 369,619.58</u>	<u>16,879,390.28</u>	<u>2,329.68</u>	<u>527,649.84</u>	<u>16,379,168.31</u>	<u>(2,545.24)</u>	<u>28,888.72</u>	<u>318,177.91</u>
					Cash Receipts			
					16,276,852.07			
					29,147.48			
					76,922.73			
					(3,753.97)			
					<u>16,379,168.31</u>			
						Due from Planning Escrow		
						Senior Citizens and Veterans		
						Other		
						<u>16,881,719.96</u>		
					15,901,311.79			
					978,078.49			
					<u>2,329.68</u>			
					2,431,491.93			
					352,751.18			
					-			
					103,730.33			
					<u>8,550.67</u>			
						Total County Taxes		
						2,896,524.11		
						10,885,315.00		
						-		
						978,078.49		
					2,061,641.19			
					<u>60,161.17</u>			
						2,121,802.36		
						<u>16,881,719.96</u>		

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax
Special District Taxes
Added Taxes (54.4-63.1 et. Seq.)

Tax Levy:

General County Taxes
County Library Taxes
County Health Taxes
County Open Space Taxes
County Added and Omitted Taxes
Total County Taxes

Local School District Tax
Additional Local School District Tax
Special District Tax

Local Tax for Municipal Purposes
Add: Additional Tax Levied

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

Balance December 31, 2021		\$ 262,567.86
Increased by:		
Transfers from Taxes Receivable	28,888.72	
Interest and Costs Accrued by Sale October 5, 2022	241.77	
	<hr/>	<hr/>
		29,130.49
		291,698.35
Decreased by:		
Collections	21,442.54	
	<hr/>	<hr/>
		21,442.54
Balance December 31, 2022		\$ <u><u>270,255.81</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2021	Accrued in 2022	Collected by		Balance Dec. 31, 2022
			Collector	Treasurer	
Interest and Costs on Taxes	-	71,088.13	71,088.13		-
Energy Receipts Tax	-	1,514,157.00		1,514,157.00	-
Garden State Preservation Trust Fund	-	129,366.00		129,366.00	-
Lease of Township Property	-	115,718.63		115,718.63	-
Cable Franchise Fees	-	31,045.18		31,045.18	-
Reserve for Debt Payments	-	118,071.00		118,071.00	-
Miscellaneous Revenue Not Anticipated	-	282,895.76	1,444.93		-
	-	<u>2,262,341.70</u>	<u>72,533.06</u>	<u>2,189,808.64</u>	<u>-</u>

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Township Clerk	2,247.99	2,247.99	1,372.06	875.93	-
Other Expenses					
Township Administrator	1,662.14	1,662.14	229.56	1,432.58	-
Other Expenses					
Assessment of Taxes	9,250.65	9,250.65	3,157.54	6,093.11	-
Other Expenses					
Collection of Taxes	1,241.58	1,241.58	272.46	969.12	-
Other Expenses					
Legal Services	24,622.77	24,622.77	52.50	24,570.27	-
Other Expenses					
Engineering Services	33,413.98	33,413.98	33,157.96	256.02	-
Other Expenses					
State and Federal Aid Coordinator	13,200.00	13,200.00	13,200.00	-	-
Other Expenses					
LAND USE ADMINISTRATION					
Planning and Zoning	9,624.69	9,624.69	9,446.22	178.47	-
Other Expenses					
PUBLIC WORKS					
Department of Public Works					
Salaries & Wages	83,191.86	83,191.86	6,749.50	76,442.36	-
Other Expenses	13,988.36	13,988.36	2,668.57	11,319.79	-
Public Buildings and Grounds					
Other Expenses	13,215.85	13,215.85	5,717.94	7,497.91	-
HEALTH AND WELFARE					
Environmental Commission					
Other Expenses	2,385.85	2,385.85	1,637.42	748.43	-
Senior Center					
Other Expenses	4,455.01	4,455.01	832.14	3,622.87	-

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
PARK AND RECREATION					
Recreation					
Salaries and Wages	74,715.18	74,715.18	6,197.68	68,517.50	-
Other Expenses	16,480.88	16,480.88	12,452.13	4,028.75	-
Parks and Playgrounds					
Other Expenses	1,986.65	1,986.65	510.30	1,476.35	-
UNCLASSIFIED					
Special Events	6,483.79	6,483.79	886.56	5,597.23	-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	6,715.02	7,715.02	7,517.87	197.15	-
Telecommunications Costs					
Telephone	4,918.44	3,918.44	1,285.89	2,632.55	-
Internet	1,203.27	1,203.27	518.90	684.37	-
Gas (Propane)	10,631.02	10,631.02	4,680.77	5,950.25	-
Gasoline and Diesel Fuel	6,375.99	6,375.99	3,339.75	3,036.24	-
Landfill Disposal Costs	38,560.80	38,560.80	17,758.88	20,801.92	-
All Other Accounts - No Change	136,282.74	136,282.74	-	136,282.74	-
	<u>\$ 516,854.51</u>	<u>516,854.51</u>	<u>133,642.60</u>	<u>383,211.91</u>	<u>-</u>

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

Balance December 31, 2021			
School Tax Payable	\$	1,883,864.50	
School Tax Deferred		<u>3,650,000.00</u>	
	\$		<u>5,533,864.50</u>
Increased by:			
Levy - School Year July 1, 2022 to June 30, 2023			<u>10,885,315.00</u>
			16,419,179.50
Decreased by:			
Payments			<u>10,976,521.54</u>
Balance December 31, 2022			
School Tax Payable		1,792,657.96	
School Tax Deferred		<u>3,650,000.00</u>	
			<u>5,442,657.96</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			10,976,521.54
Tax Payable Ending			<u>1,792,657.96</u>
			12,769,179.50
Less: Tax Payable Beginning			<u>1,883,864.50</u>
Amount charged to Current Year Operations	\$		<u><u>10,885,315.00</u></u>

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

Purpose	Balance Dec. 31, 2021	Transferred From 2022 Revenues	Received	Canceled	Balance Dec. 31, 2022
FEDERAL GRANTS:					
Coronavirus Local Fiscal Recovery Fund	\$ -	321,541.80	321,541.80		-
Small Cities CDBG Grant - ADA Chestnut Street Park	363,479.00		22,500.00		340,979.00
Small Cities CDBG Grant - ADA Town Hall	-	399,594.18			399,594.18
Total Federal	<u>363,479.00</u>	<u>721,135.98</u>	<u>344,041.80</u>	<u>-</u>	<u>740,573.18</u>
STATE GRANTS:					
Municipal Alliance	13,176.01	9,114.21	6,094.95		16,195.27
Clean Communities - 2022	-	22,639.30	22,639.30		-
Recycling Tonnage Grant	-	8,514.61	8,514.61		-
Alcohol Education & Rehab Fund	-	5,685.56	5,685.56		-
2020 LEAP Challenge Grant	49,475.00		49,475.00		-
Total State	<u>62,651.01</u>	<u>45,953.68</u>	<u>92,409.42</u>	<u>-</u>	<u>16,195.27</u>
LOCAL GRANTS:					
2022 ACM JIF Wellness Incentive Program	-	600.00	600.00		-
2022 ACM JIF Safety Incentive Program	-	2,250.00	2,250.00		-
2022 ACM JIF EPL / Cyber Risk Management	-	725.00	725.00		-
2021 ANJEC Open Space Stewardship Grant	500.00				500.00
Sustainable Communities Environmental Stewardship	-	5,000.00	2,500.00		2,500.00
Local Recreational Improvement 2021	-	50,000.00	50,000.00		-
Total Local	<u>500.00</u>	<u>58,575.00</u>	<u>56,075.00</u>	<u>-</u>	<u>3,000.00</u>
Total	<u>\$ 426,630.01</u>	<u>825,664.66</u>	<u>492,526.22</u>	<u>-</u>	<u>759,768.45</u>

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

	Balance December 31, 2021		2022 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2022
	Appropriated	Reserve for Encumbrances				
FEDERAL GRANTS:						
Coronavirus Local Fiscal Recovery Fund	\$ 200,722.04	108,900.00	321,541.80	114,669.76		516,494.08
Small Cities CDBG Grant - ADA Chestnut Street Park	300,279.00	40,425.00		(8,522.96)	12,600.00	336,626.96
Small Cities CDBG Grant - ADA Town Hall	-		399,594.18		1,878.47	397,715.71
Total Federal	501,001.04	149,325.00	721,135.98	106,146.80	14,478.47	1,250,836.75
STATE GRANTS:						
Clean Communities	15,525.24			15,525.24		-
Clean Communities - 2022	-		22,639.30	2,881.58	500.00	19,257.72
Alcohol Education & Rehab Fund	19,448.86		5,685.56	179.88		24,954.54
Recycling Tonnage Grant	20,063.12		8,514.61	3,624.00		24,953.73
Municipal Alliance	13,331.12	1,024.25		4,993.37		9,362.00
Municipal Alliance - 2023	-		9,114.21	941.51		8,172.70
2020 LEAP Challenge Grant	1,236.34			1,236.34		-
Total State	69,604.68	1,024.25	45,953.68	29,381.92	500.00	86,700.69
LOCAL GRANTS:						
2022 ACM JIF Wellness Incentive Program	-		600.00	600.00		-
2022 ACM JIF Safety Incentive Program	-		2,250.00	2,250.00		-
2021 ACM JIF Safety Incentive Program	-	2,250.00		2,250.00		-
2022 ACM JIF EPL / Cyber Risk Management	-		725.00	725.00		-
2021 ANJEC Open Space Stewardship Grant	1,500.00					1,500.00
Sustainable Communities Environmental Stewardship	-		5,000.00			5,000.00
Local Recreational Improvement 2021	-		50,000.00	50,000.00		-
Total Local	1,500.00	2,250.00	58,575.00	55,825.00	-	6,500.00
\$	572,105.72	152,599.25	825,664.66	191,353.72	14,978.47	1,344,037.44

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

Purpose	Balance Dec. 31, 2021	Transferred To 2022 Appropriations	Received	Balance Dec. 31, 2022
FEDERAL GRANTS:				
None	-			-
Total Federal	-	-	-	-
STATE GRANTS:				
None	-			-
Total State	-	-	-	-
	\$			\$

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2021	\$	295.89
Increased By Receipts:		
Dog Licenses Fees Collected - Township Share	2,649.80	
Dog Licenses Fees Collected - State Share	496.20	
Late & Postage Fees	139.80	
Kennel Fees	50.00	
Interest Earned	0.52	
		3,336.32
		3,632.21
Decreased By Disbursements:		
Due to Current Fund - Interest Earned	0.52	
Animal Control Expenditures	544.00	
Paid to State of New Jersey	496.20	
		1,040.72
Balance December 31, 2022	\$	2,591.49

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2021		\$	833,816.19
Increased By Receipts:			
Due from Current	2,025.00		
Due to State of NJ (DCA Training Fees)	9,256.00		
Construction Code Office	133,718.00		
Escrow Deposits	221,721.30		
Tax Title Lien Redemptions	238,311.20		
Payroll	1,277,501.47		
Recreation Trust	192,870.55		
			2,075,403.52
			2,909,219.71
Decreased By Disbursements:			
Due to Current	2,025.00		
Due to State of NJ (DCA Training Fees)	10,201.00		
Construction Code Office	120,877.49		
Refund of Escrow Deposits	131,182.71		
Refund of Tax Title Lien Redemptions	148,775.34		
Payroll	1,274,195.64		
Recreation Trust	165,633.42		
			1,852,890.60
Balance December 31, 2022		\$	1,056,329.11

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2021		\$	295.89
Increased By:			
Dog Licenses Fees Collected - Township Share	2,649.80		
Late & Postage Fees	139.80		
Kennel Fees	50.00		
			2,839.60
			3,135.49
Decreased By Disbursements:			
Animal Control Expenditures	544.00		
			544.00
Balance December 31, 2022		\$	2,591.49

License and Other Fees Collected	<u>Year</u>		
	2021		2,982.50
	2020		3,421.70
		\$	6,404.20

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

Balance December 31, 2021	\$	-
Increased By:		
Animal Control Expenditures	544.00	
Interest Paid to Current Fund	0.52	
		544.52
		544.52
Decreased By:		
Animal Control Expenditures	544.00	
Due to Current Fund - Interest Earned	0.52	
		544.52
Balance December 31, 2022	\$	-

SCHEDULE OF AMOUNT DUE TO (FROM) STATE OF NEW JERSEY

Balance December 31, 2021	\$	-
Increased By:		
State Share Collected in 2022	496.20	
		496.20
		496.20
Decreased By:		
Paid to State of New Jersey	496.20	
		496.20
Balance December 31, 2022	\$	-

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2021		Receipts		Notes Issued		Improvement Authorizations		Disbursements		Transfers		Balance Dec. 31, 2022
			Miscellaneous				Improvement Authorizations	Miscellaneous	From	To			
\$	133,446.99								99,999.50				33,447.49
Fund Balance	50,424.00									15,000.00			65,424.00
Capital Improvements Fund	654,759.65								654,759.65	1,564,891.62			1,564,891.62
Encumbrances Payable	(505,471.38)						201,258.94		35,333.61	118,071.00			(623,992.93)
Due to/from Current Fund	(264,000.00)	264,000.00							500,000.00				(500,000.00)
Grants Receivable - Ord. 19-11, Ord. 22-05	18,071.50	779,511.72							18,071.50	20,333.61			799,845.33
Reserve to Pay Debt Service													
Improvement Authorizations:													
17-01 Acquisition of an Ambulance	(108,000.00)												(108,000.00)
17-04 Acquisition of Various Pieces of Equipment	(127,000.00)												(127,000.00)
18-04;													
22-05 Various Capital Improvements	1,239,407.08						223,156.51		1,492,307.02	672,122.72			196,066.27
19-08 Various Capital Improvements	(115,900.00)						619,096.27		72,584.60	482,636.93			(115,900.00)
20-03 Various Capital Improvements	(975,737.84)												(1,184,781.78)
	-	1,043,511.72					842,252.78	201,258.94	2,873,055.88	2,873,055.88			-

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

Balance December 31, 2021		\$ 50,424.00
Increased by:		
Budget Appropriation	15,000.00	
	_____	15,000.00
		65,424.00
Decreased by:		
None	-	
	_____	-
Balance December 31, 2022		\$ <u><u>65,424.00</u></u>

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

Balance December 31, 2021		\$ 1,060,000.00
Increased by:		
None	-	
		-
		1,060,000.00
Decreased by:		
Serial Bonds Paid	250,000.00	
		250,000.00
Balance December 31, 2022		\$ <u><u>810,000.00</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Paid or Charged	Balance December 31, 2022	
				Balance December 31, 2021 Funded	Balance December 31, 2021 Unfunded	Other Funding		Deferred Charges to Future Taxation	Funded
18-04; 22-05	Various Improvements	4/24/2018	3,700,000.00 \$		1,239,880.08	500,000.00	1,543,340.81		196,539.27
20-03	Various Improvements	8/11/2020	1,893,500.00		664,658.56		209,043.94		455,614.62
				\$	1,904,538.64	500,000.00	1,752,384.75	-	652,153.89

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2022			Interest Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
			Date	Amount						
Various Capital Improvements	10/6/2015	\$ 2,400,000	10/1/2023	260,000.00	2.125%	1,060,000.00		250,000.00	810,000.00	
			10/1/2024	270,000.00	2.250%					
			10/1/2025	280,000.00	2.375%					
						\$ 1,060,000.00	-	250,000.00	810,000.00	

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2022
						Dec. 31, 2021				
Various 2018 General Capital Improvements	2018-04	6/21/2018	6/17/2021	6/17/2022	1.000%	\$	2,696,515.00		2,696,515.00	-
			6/16/2022	6/16/2023	3.250%		2,578,444.00	2,578,444.00	2,578,444.00	2,578,444.00
						\$	<u>2,696,515.00</u>		<u>2,696,515.00</u>	<u>2,578,444.00</u>

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

Ordinance Number		Balance Dec. 31, 2021	2022 Authorizations	Budget Appropriation	Balance Dec. 31, 2022
17-01	Acquisition of an Ambulance	\$ 108,000.00			108,000.00
17-04	Acquisition of Various Pieces of Equipment	127,000.00			127,000.00
18-04; 22-05	Various Capital Improvements	473.00			473.00
19-08	Various Capital Improvements	115,900.00			115,900.00
20-03	Various Capital Improvements	1,640,396.40			1,640,396.40
		<u>\$ 1,991,769.40</u>	<u>-</u>	<u>-</u>	<u>1,991,769.40</u>

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TOWNSHIP OF DENNIS

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2022

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. Due to the Township having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$44,000.

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

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

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

Furnishing and Installing Preplacement Chain Link Mesh at the Recreation Center
Cape May County Open Space Program – Chestnut Street Park (re-bid)

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S. 40A:11-5.

Collection of Interest on Delinquent Taxes and Assessments

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

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

BE IT RESOLVED by the Township Committee, of the Township of Dennis, County of Cape May, State of New Jersey, as follows:

1. The Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first fifteen hundred dollars (\$1,500.00) of taxes becoming delinquent after the due date, eighteen percent (18%) per annum on any amount of taxes in excess of fifteen hundred dollars (\$1,500.00) and if a delinquency is in the excess of ten thousand dollars (\$10,000.00) and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency.
2. Effective January 1, 2022, there will be a ten (10) day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with item two of this resolution shall be charged interest from the due date as set forth in item one of this resolution.

4. The Clerk is hereby authorized and directed to provide a copy of this resolution to the Tax Collector, Township Solicitor, and the Municipal Auditor for the Township of Dennis.
5. This resolution shall take effect immediately.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held on October 5, 2022 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2022	50
2021	51
2020	49

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type:</u>	<u>Number Mailed</u>
Payments of 2022 and 2023 Taxes	25
Delinquent Taxes	25
Total	<u>50</u>

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

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Comparison of Tax Levies and Collections Currently

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

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2022 \$	16,879,390.28	16,537,859.90	97.98%
2021	16,547,378.80	16,172,857.18	97.74%
2020	16,391,781.67	16,046,197.66	97.89%
2019	16,084,406.75	15,631,645.07	97.19%
2018	15,416,775.63	14,940,326.03	96.91%

Comparative Schedule of Tax Rate Information

	2022	2021	2020	2019	2018
Tax Rate	\$ 1.765	1.746	1.745	1.716	1.645
Apportionment of Tax Rate:					
Municipal	0.230	0.230	0.231	0.230	0.230
County	0.323	0.298	0.285	0.285	0.274
Local School	1.212	1.218	1.229	1.201	1.141
Assessed Valuation	898,183,235	891,853,385	884,654,100	883,852,000	882,313,900

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2022 \$	270,255.81	318,177.91	588,433.72	3.49%
2021	262,567.86	369,619.58	632,187.44	3.82%
2020	240,445.46	264,495.16	504,940.62	3.08%
2019	341,175.98	350,702.53	691,878.51	4.30%
2018	217,441.70	364,227.26	581,668.96	3.77%

Uniform Construction Code

With the exception of two permits tested, the Township of Dennis' construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3. No finding deemed necessary.

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Deposit of Municipal Funds

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

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

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

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

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FINDINGS AND RECOMMENDATIONS

None

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

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

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

May 12, 2023

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