

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
REPORT OF AUDIT
2022

NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF STANHOPE

COUNTY OF SUSSEX

REPORT OF AUDIT

2022

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BOROUGH OF STANHOPE

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2022

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Stanhope, NJ

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Stanhope, in the County of Sussex (the "Borough") as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Borough as of December 31, 2022 and 2021 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Borough as of December 31, 2022 and 2021, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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 section of our report, the accompanying 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 and account group of the Borough as of December 31, 2022 and 2021, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, 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.

Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The Borough's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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 Borough on the basis of the financial reporting provisions prescribed or permitted by the Division which is a basis of accounting other than accounting principles generally accepted in the United State of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 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 judgment 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, we:

- Exercise professional judgment 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 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 Borough'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the 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 various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's 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 Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
March 24, 2023

NISIVOCIA LLP

Raymond A. Sarinelli
Raymond A. Sarinelli
Registered Municipal Accountant No. 563
Certified Public Accountant

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
CURRENT FUND

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2022	2021
<u>ASSETS</u>			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,218,779.36	\$ 3,101,674.40
Change Funds		250.00	250.00
Due from State of New Jersey:			
Veterans and Senior Citizens Deductions		2,435.85	2,745.44
		<u>3,221,465.21</u>	<u>3,104,669.84</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	194,247.30	191,894.83
Tax Title Liens Receivable	A-8	424,497.19	402,885.60
Property Acquired for Taxes at Assessed Valuation		1,160,300.00	1,160,300.00
Revenue Accounts Receivable	A-9	315.31	3,182.92
Due from Animal Control Fund	B	489.00	3,966.45
Due from General Capital Fund	C	350,000.00	
Due from Sewer Utility Operating Fund	E		197,800.00
		<u>2,129,848.80</u>	<u>1,960,029.80</u>
Total Receivables and Other Assets With Full Reserves			
		<u>\$ 5,351,314.01</u>	<u>\$ 5,064,699.64</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 357,389.34	\$ 476,541.58
Encumbered	A-3;A-11	102,748.75	33,764.90
Total Appropriation Reserves		460,138.09	510,306.48
Accounts Payable - Vendors		42,607.41	35,618.09
Prepaid Taxes		63,053.36	65,194.81
Tax Overpayments			1,888.77
Due to County of Sussex - Added and Omitted Taxes		2,234.04	3,738.82
Due to State of New Jersey:			
Marriage License Fees		25.00	225.00
Training Fees		915.00	900.00
Due to Other Trust Funds	B		49,988.94
Due to Water Utility Capital Fund	D		600.00

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for:			
Sale of Municipal Assets		\$ 388,837.15	\$ 382,986.15
Shade Tree		180.04	180.04
Third Party Liens		18,383.62	
Safety Training & Equipment		6,540.00	5,790.00
Pending Tax Appeals		168,230.11	168,230.11
Garden State Preservation Trust Fund			2,397.00
Municipal Relief Fund		11,297.76	
Appropriated Reserves:			
Drunk Driving Enforcement Fund		10,445.51	11,043.51
Body Armor Replacement Program		6,343.46	5,516.64
Clean Communities Program		23,516.83	19,471.72
Body-Worn Camera Grant		197.55	6,099.11
Alcohol Education Rehabilitation Program		1,135.00	1,135.00
Shade Tree Grant		165.00	165.00
Housing Reimbursement Program		100,004.18	98,629.18
Altice PEG Access Grant		4,336.75	
NMC CAB Grant		5,000.00	
Unappropriated Reserves:			
Body Armor Replacement Program		983.46	
American Rescue Plan		173,017.12	
Safe and Secure Communities Grant		7,425.00	12,150.00
		<u>1,495,011.44</u>	<u>1,382,254.37</u>
Reserve for Receivables	A	2,129,848.80	1,960,029.80
Fund Balance	A-1	<u>1,726,453.77</u>	<u>1,722,415.47</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,351,314.01</u>	<u>\$ 5,064,699.64</u>

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

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,	
Ref.	2022	2021
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 850,000.00	\$ 832,000.00
Miscellaneous Revenue Anticipated	497,639.04	663,818.22
Receipts from:		
Delinquent Taxes	218,406.56	200,420.03
Current Taxes	12,570,814.78	12,453,608.05
Nonbudget Revenue	95,902.34	56,735.36
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	351,550.75	441,189.13
Cancellation of Prior Year Accounts Payable	1,462.50	11,961.00
Interfunds Returned	201,766.45	2,455.00
Total Income	<u>14,787,542.42</u>	<u>14,662,186.79</u>
<u>Expenditures</u>		
Budget Appropriations:		
Municipal Purposes	4,433,490.72	4,499,628.23
County Taxes	1,971,924.36	1,942,725.72
Due County for Added and Omitted Taxes	2,234.04	3,738.82
Regional High School Taxes	2,178,373.00	2,218,450.00
Local School District Taxes	4,996,993.00	4,923,703.00
Refund of Prior Year Revenue		775.00
Reserve for Pending Tax Appeals		30,000.00
Interfunds Advanced	350,489.00	201,766.45
Total Expenditures	<u>13,933,504.12</u>	<u>13,820,787.22</u>
Statutory Excess to Fund Balance	854,038.30	841,399.57

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
<u>Fund Balance</u>			
Balance January 1		\$ 1,722,415.47	\$ 1,713,015.90
		2,576,453.77	2,554,415.47
Decreased by:			
Utilized as Anticipated Revenue		850,000.00	832,000.00
Balance December 31	A	<u>\$ 1,726,453.77</u>	<u>\$ 1,722,415.47</u>

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

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 850,000.00		\$ 850,000.00	
Miscellaneous Revenue:				
Alcoholic Beverages Licenses	3,000.00		3,031.00	\$ 31.00
Fees and Permits	17,603.00		13,739.75	3,863.25 *
Uniform Construction Code Fees	60,000.00		78,668.00	18,668.00
Fines and Costs - Municipal Court	25,600.00		41,574.85	15,974.85
Interest and Costs on Taxes	41,000.00		48,945.18	7,945.18
Energy Receipt Tax	216,582.00		216,582.00	
Garden State Trust Fund	6,836.00		6,836.00	
State of New Jersey:				
Safe and Secure Communities Program	16,200.00		16,200.00	
Body Armor Replacement Program	826.82		826.82	
Clean Communities Program		\$ 8,079.33	8,079.33	
Recycling Tonnage Grant	8,938.14		8,938.14	
Altice PEG Access Grant		6,000.00	6,000.00	
NMC CAB Grant		5,000.00	5,000.00	
Reserve to Pay Debt Service	43,217.97		43,217.97	
	<u>439,803.93</u>	<u>19,079.33</u>	<u>497,639.04</u>	<u>38,755.78</u>
Receipts from Delinquent Taxes	175,000.00		218,406.56	43,406.56
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	3,659,609.07		4,131,290.38	471,681.31
Budget Totals	5,124,413.00	19,079.33	5,697,335.98	553,843.65
Nonbudget Revenue			95,902.34	95,902.34
	<u>\$ 5,124,413.00</u>	<u>\$ 19,079.33</u>	<u>\$ 5,793,238.32</u>	<u>\$ 649,745.99</u>

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes \$ 12,570,814.78

Allocated to:

Local School District Taxes \$ 4,996,993.00

Regional High School Taxes 2,178,373.00

County Taxes 1,974,158.40

9,149,524.40

Balance for Support of Municipal Budget 3,421,290.38

Add: Appropriation "Reserve for Uncollected Taxes" 710,000.00

Realized for Support of Municipal Budget \$ 4,131,290.38

Receipts from Delinquent Taxes:

Delinquent Tax Collections \$ 191,840.17

Tax Title Liens 26,566.39

Total Delinquent Tax Collections \$ 218,406.56

Fees and Permits - Other:

Board of Health \$ 660.00

Police 633.25

Planning Board/Board of Adjustment 1,360.00

Zoning Officer 1,815.00

Clerk 9,271.50

\$ 13,739.75

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(continued)

Analysis of Nonbudget Revenue:

Treasurer:

Interest on Investments and Deposits	\$ 51,558.15	
Administration Fee - Veterans and Senior Citizens Deductions	461.19	
Cable Franchise Fee	14,291.00	
Bid Specs	375.00	
Outside Detail Administration Fees	17,412.71	
DMV Inspection Fines	100.00	
OPRA Requests	15.38	
FEMA Storm Reimbursements	5,932.51	
Tax Collector Miscellaneous Revenue	270.00	
Statutory Excess in Animal Control Fund Reserve	4,045.01	
Miscellaneous	<u>952.39</u>	
		\$ 95,413.34

Statutory Excess in Animal Control Fund Reserve:

Due from Animal Control Fund	<u>489.00</u>	
		<u>489.00</u>
		<u>\$ 95,902.34</u>

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

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 74,112.00	\$ 74,112.00	\$ 74,111.94	\$ 0.06	
Other Expenses	18,084.00	18,084.00	16,716.92	1,367.08	
Mayor and Council:					
Salaries and Wages	19,447.00	19,447.00	19,447.00		
Other Expenses	13,238.00	13,238.00	7,111.06	6,126.94	
Municipal Clerk:					
Salaries and Wages	72,557.00	72,557.00	72,556.37	0.63	
Other Expenses	11,975.00	11,975.00	10,001.64	1,973.36	
Financial Administration:					
Salaries and Wages	104,820.00	99,820.00	97,117.98	2,702.02	
Other Expenses	8,433.00	8,433.00	6,788.65	1,644.35	
Annual Audit	36,493.00	36,493.00	35,664.00	829.00	
Insurance (N.J.S.A. 40A:4-45.3(00)):					
Liability Insurance	83,214.00	83,214.00	83,214.00		
Workers Compensation	55,344.00	55,344.00	55,344.00		
Employee Group Insurance	238,600.00	238,600.00	170,541.48	68,058.52	
Health Insurance Waiver	16,600.00	16,600.00	8,909.25	7,690.75	
Computerized Data Processing:					
Other Expenses	23,670.00	23,670.00	18,276.60	5,393.40	
Assessment of Taxes:					
Salaries and Wages	22,548.00	22,548.00	22,547.80	0.20	
Other Expenses	2,115.00	2,115.00	160.00	1,955.00	
Collection of Taxes:					
Other Expenses	4,095.00	4,095.00	3,382.78	712.22	
Legal Services and Costs:					
Other Expenses	72,500.00	72,500.00	35,078.92	37,421.08	

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Budget After Modification	Expended By		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):						
GENERAL GOVERNMENT (continued):						
Engineering Services and Costs:						
Other Expenses	\$ 28,000.00	\$	28,000.00	\$ 14,485.00	\$ 13,515.00	
Public Buildings and Grounds:						
Salaries and Wages	11,782.00		11,782.00	10,633.97	1,148.03	
Other Expenses	31,800.00		31,800.00	22,978.59	8,821.41	
LAND USE ADMINISTRATION:						
Municipal Land Use Law (N.J.S.A.40:55d-1):						
Planning Board:						
Salaries and Wages	10,700.00		10,800.00	10,749.95	50.05	
Other Expenses	4,935.00		4,935.00	934.40	4,000.60	
Zoning and Code Enforcement:						
Salaries and Wages	25,313.00		25,313.00	25,313.00	596.50	
Other Expenses	1,000.00		1,000.00	403.50		
Regional Planning Board:						
Other Expenses	17,125.00		17,125.00	17,124.53	0.47	
Affordable Housing-COAH	1,000.00		1,000.00		1,000.00	
PUBLIC WORKS:						
Shade Tree Commission:						
Other Expenses	1,440.00		1,440.00	851.72	588.28	
Environmental Commission						
(N.J.S.A. 40:56.1, et seq.):						
Other Expenses	1,450.00		1,450.00	433.58	1,016.42	
PUBLIC SAFETY:						
Fire:						
Other Expenses	43,370.00		43,370.00	41,204.63	2,165.37	

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
PUBLIC SAFETY (continued):					
Police:					
Salaries and Wages	\$ 1,070,107.00	\$ 1,054,007.00	\$ 999,417.76	\$ 54,589.24	
Other Expenses	59,396.00	59,396.00	59,267.76	128.24	
Police Radio and Communication - Contractual	97,562.00	97,562.00	95,812.00	1,750.00	
First Aid Organization Contribution	15,000.00	15,000.00	15,000.00		
Emergency Management:					
Other Expenses	4,442.00	4,442.00	3,442.00	1,000.00	
STREETS AND ROADS:					
Department of Public Works:					
Salaries and Wages	161,552.00	161,552.00	158,788.91	2,763.09	
Other Expenses	115,525.00	115,525.00	88,496.00	27,029.00	
Garbage and Trash Removal:					
Salaries and Wages	13,613.00	13,613.00	12,677.63	935.37	
Other Expenses	328,300.00	328,300.00	315,415.00	12,885.00	
Vehicle Maintenance:					
Other Expenses	43,500.00	54,500.00	53,904.37	595.63	
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	5,006.00	5,006.00	5,006.00		
Other Expenses	1,850.00	1,850.00	209.79	1,640.21	
Animal Regulation:					
Other Expenses	6,500.00	6,500.00	6,450.00	50.00	

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
RECREATION AND EDUCATION:					
Board of Recreation Commissioners (R.S.40:12):					
Other Expenses	\$ 13,405.00	\$ 13,405.00	\$ 5,215.48	\$ 8,189.52	
Celebration of Public Events:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Stormwater Management:					
Other Expenses	16,475.00	16,475.00	10,425.00	6,050.00	
UNIFORM CONSTRUCTION CODE - APPROPRIATION					
OFFSET BY DEDICATED REVENUE:					
Construction Code Official:					
Salaries and Wages	41,461.00	41,461.00	36,034.58	5,426.42	
Other Expenses	850.00	850.00	629.84	220.16	
UNCLASSIFIED:					
Utilities	116,600.00	121,600.00	101,374.96	20,225.04	
Condo Services	91,655.00	91,655.00	71,182.46	20,472.54	
Total Operations Within "CAPS"	3,259,559.00	3,254,559.00	2,920,832.80	333,726.20	
Contingent	1,000.00	1,000.00		1,000.00	
Total Operations Including Contingent Within "CAPS"	3,260,559.00	3,255,559.00	2,920,832.80	334,726.20	
Detail:					
Salaries and Wages	1,633,018.00	1,612,018.00	1,544,402.89	67,615.11	
Other Expenses	1,627,541.00	1,643,541.00	1,376,429.91	267,111.09	

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS":					
Contributions to:					
Public Employees' Retirement System	\$ 79,103.00	\$ 79,103.00	\$ 79,103.00		
Social Security System (O.A.S.I.)	125,000.00	130,000.00	129,286.35	\$ 713.65	
Police and Firemen's Retirement					
System of NJ	276,918.00	276,918.00	276,918.00		
Defined Contribution Retirement Program (DCRP)	2,350.00	2,350.00	2,094.09	255.91	
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	483,371.00	488,371.00	487,401.44	969.56	
Total General Appropriations for Municipal					
Purposes Within "CAPS"	3,743,930.00	3,743,930.00	3,408,234.24	335,695.76	

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Excluded from "CAPS":					
Shared Service Agreements:					
Municipal Court (Hopatcong Borough)	\$ 110,300.00	\$ 110,300.00	\$ 110,300.00		
State and Federal Programs Offset by Revenues:					
Body Armor Replacement Program	826.82	826.82	826.82		
Safe and Secure Communities	16,200.00	16,200.00	16,200.00		
Recycling Tonnage Grant	8,938.14	8,938.14	8,938.14		
Alice PEG Access Grant (N.J.S.A. 40A:4-87 + \$6,000)		6,000.00	6,000.00		
NMC CAB Grant (N.J.S.A. 40A:4-87 + \$5,000)		5,000.00	5,000.00		
Clean Communities (N.J.S.A. 40A:4-87 + \$8,079.33)		8,079.33	8,079.33		
Total Operations Excluded from "CAPS"	136,264.96	155,344.29	155,344.29		
Detail:					
Other Expenses	136,264.96	155,344.29	155,344.29		
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	30,000.00	30,000.00	30,000.00		
Road Repairs and Resurfacing	25,000.00	25,000.00	3,306.42	\$ 21,693.58	
Total Capital Improvements Excluded from "CAPS"	55,000.00	55,000.00	33,306.42	21,693.58	

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Budget After Modification	Expended By		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Municipal Debt Service Excluded from "CAPS": Payment of Note Principal Interest on Notes	\$ 451,218.04	\$	451,218.04	\$ 451,218.00		\$ 0.04
Total Municipal Debt Service Excluded from "CAPS"	28,000.00		28,000.00	27,998.43		1.57
	479,218.04		479,218.04	479,216.43		1.61
Total General Appropriations Excluded from "CAPS"	670,483.00		689,562.33	667,867.14	\$ 21,693.58	1.61
Subtotal General Appropriations	4,414,413.00		4,433,492.33	4,076,101.38	357,389.34	1.61
Reserve for Uncollected Taxes	710,000.00		710,000.00	710,000.00		
Total General Appropriations	\$ 5,124,413.00	\$	5,143,492.33	\$ 4,786,101.38	\$ 357,389.34	\$ 1.61

Ref.

A

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After</u>	<u>Paid or</u>
		<u>Modification</u>	<u>Charged</u>
Adopted Budget		\$ 5,124,413.00	
Appropriation by NJSA 40A:4-87		19,079.33	
		<u>\$ 5,143,492.33</u>	
Reserve for Uncollected Taxes			\$ 710,000.00
Cash Disbursed			4,233,630.43
Encumbrances	A		102,748.75
Appropriated Reserves:			
Body Armor Replacement Program			826.82
Clean Communities Program			7,728.03
Altice PEG Access Grant			4,336.75
NMC CAB Grant			5,000.00
			<u>5,064,270.78</u>
Less: Appropriation Refunds			<u>278,169.40</u>
			<u>\$ 4,786,101.38</u>

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

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
TRUST FUNDS

BOROUGH OF STANHOPE
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 7,637.80	\$ 13,134.45
		<u>7,637.80</u>	<u>13,134.45</u>
Other Trust Funds:			
Cash and Cash Equivalents:			
Recycling Tonnage Program	B-4	27,948.60	33,522.90
State Unemployment Insurance Fund	B-4	129,822.81	130,133.93
Performance Bonds and Escrow Deposits	B-4	1,159.60	31,387.95
Public Defender	B-4	12,997.16	12,835.92
Parking Offenses Adjudication Act	B-4	3,347.51	3,284.00
Other	B-4	610,560.07	554,715.00
Council on Affordable Housing (COAH)	B-4	52,300.71	43,961.61
Due from Current Fund	A		49,988.94
		<u>838,136.46</u>	<u>859,830.25</u>
<u>TOTAL ASSETS</u>		<u>\$ 845,774.26</u>	<u>\$ 872,964.70</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 489.00	\$ 3,966.45
Reserve for Animal Control Expenditures	B-6	7,148.80	9,168.00
		<u>7,637.80</u>	<u>13,134.45</u>
Other Trust Funds:			
Reserve for:			
Recycling Tonnage Program Expenditures		27,948.60	33,522.90
State Unemployment Insurance Payments		129,822.81	130,133.93
Performance Bonds and Escrow Deposits		82,501.82	128,831.45
Public Defender		12,997.16	12,835.92
Parking Offenses Adjudication Act		3,347.51	3,284.00
Tax Sale Premiums		26,200.00	30,700.00
Storm Recovery		153,457.42	153,457.42
Accumulated Sick and Vacation Compensation		174,786.66	158,329.25
Recreation Commission		27,030.77	27,030.77
Canal Restoration		2,000.00	2,000.00
Council on Affordable Housing (COAH)		52,300.71	43,961.61
Self-Insurance Trust		145,743.00	135,743.00
		<u>838,136.46</u>	<u>859,830.25</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 845,774.26</u>	<u>\$ 872,964.70</u>

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

BOROUGH OF STANHOPE
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

BOROUGH OF STANHOPE
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
GENERAL CAPITAL FUND

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 59,026.56	\$ 486,722.86
Grants Receivable:			
New Jersey Department of Transportation		477,054.87	295,854.87
Federal Transportation Alternative Grant		943,593.00	943,593.00
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>2,740,981.00</u>	<u>2,869,079.00</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,220,655.43</u>	<u>\$ 4,595,249.73</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 2,417,861.00	\$ 2,799,909.00
Improvement Authorizations:			
Funded	C-5	121,372.29	644,593.01
Unfunded	C-5	991,306.55	939,333.50
Capital Improvement Fund	C-6	26,598.20	26,405.42
Due to Current Fund	A	350,000.00	
Reserve for Road Improvements		82,595.46	62,759.08
Reserve to Pay Debt Service		163,890.18	43,217.97
Reserve for Preliminary Expenses- Pedestrian Loop		262.50	262.50
Reserve for Canal Rehabilitation		10,000.00	10,000.00
Fund Balance	C-1	<u>56,769.25</u>	<u>68,769.25</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,220,655.43</u>	<u>\$ 4,595,249.73</u>

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

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 68,769.25
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>12,000.00</u>
Balance December 31, 2022	C	<u><u>\$ 56,769.25</u></u>

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

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
WATER UTILITY FUND

BOROUGH OF STANHOPE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31	
	Ref.	2022	2021
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-5	\$ 613,400.03	\$ 564,013.73
Collector's Change Fund		50.00	50.00
		613,450.03	564,063.73
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	98,861.22	120,575.10
Water Utility Liens Receivable	D-7A	7,971.01	8,783.30
Total Receivable offset with full Reserve		106,832.23	129,358.40
Total Operating Fund		720,282.26	693,422.13
Capital Fund:			
Cash and Cash Equivalents	D-5	487,514.10	516,556.60
Fixed Capital	D-8	6,969,733.86	6,743,377.89
Fixed Capital Authorized and Uncompleted	D-9	1,624,806.70	1,177,226.72
Federal Grants Receivable		677,000.00	
Due from Current Fund	A		600.00
Total Capital Fund		9,759,054.66	8,437,761.21
<u>TOTAL ASSETS</u>		\$ 10,479,336.92	\$ 9,131,183.34

BOROUGH OF STANHOPE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31	
	Ref.	2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-10	\$ 83,984.29	\$ 122,555.32
Encumbered	D-4;D-10	21,203.24	13,065.51
Total Appropriation Reserves		105,187.53	135,620.83
Accrued Interest on Loans and Notes		11,927.09	9,918.40
		117,114.62	145,539.23
Reserve for Receivables	D	106,832.23	129,358.40
Fund Balance	D-1	496,335.41	418,524.50
Total Operating Fund		720,282.26	693,422.13
Capital Fund:			
Bond Anticipation Notes Payable	D-14	694,893.00	789,893.00
NJ Environmental Infrastructure Trust Loans Payable #1	D-16	704,648.38	765,525.49
NJ Environmental Infrastructure Trust Loans Payable #2	D-16a	296,250.63	321,178.48
Improvement Authorizations:			
Funded	D-11	841,137.12	173,017.12
Unfunded	D-11	170,834.92	199,661.47
Capital Improvement Fund	D-12	35,566.54	47,566.54
Reserve For:			
Amortization	D-13	6,004,191.43	5,854,990.52
Deferred Amortization	D-13A	884,017.12	189,017.12
Connection Fees		42,839.70	42,839.70
Future Capital Improvements		20,000.00	20,000.00
Payment of Debt Service		41,921.57	11,317.52
Fund Balance	D-2	22,754.25	22,754.25
Total Capital Fund		9,759,054.66	8,437,761.21
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,479,336.92</u>	<u>\$ 9,131,183.34</u>

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

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31	
		2022	2021
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 110,425.00	\$ 89,747.00
Rents		732,041.12	677,249.87
Miscellaneous		25,546.84	10,796.51
Other Credits to Income:			
Appropriation Reserves Lapsed		111,219.69	102,619.41
Total Income		<u>979,232.65</u>	<u>880,412.79</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		532,278.00	522,968.00
Capital Improvements		5,000.00	5,000.00
Capital Outlay		5,000.00	5,000.00
Debt Service		202,878.74	195,938.76
Deferred Charges and Statutory Expenditures		45,840.00	45,500.00
Total Expenditures		<u>790,996.74</u>	<u>774,406.76</u>
Excess in Revenue		188,235.91	106,006.03
<u>Fund Balance</u>			
Balance January 1		<u>418,524.50</u>	<u>402,265.47</u>
		606,760.41	508,271.50
Decreased by:			
Utilization as Anticipated Revenue		<u>110,425.00</u>	<u>89,747.00</u>
Balance December 31	D	<u>\$ 496,335.41</u>	<u>\$ 418,524.50</u>

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

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 22,754.25
Balance December 31, 2022	D	\$ 22,754.25

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

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 110,425.00	\$ 110,425.00	
Water Rents	675,000.00	732,041.12	\$ 57,041.12
Miscellaneous	8,000.00	25,546.84	17,546.84
	<u>\$ 793,425.00</u>	<u>\$ 868,012.96</u>	<u>\$ 74,587.96</u>

Analysis of Water Rents Realized

Collections	\$ 730,484.83
Liens Redeemed	<u>1,556.29</u>
	<u>\$ 732,041.12</u>

Analysis of Miscellaneous Revenue Realized

Miscellaneous:	
Interest on Investments and Deposits	\$ 7,039.30
Interest on Water Rents	10,025.09
Connection Fees	2,000.00
Miscellaneous	477.88
Due from Water Utility Capital Fund:	
Interest on Investments and Deposits	<u>6,004.57</u>
	<u>\$ 25,546.84</u>

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

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modifi- cation	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 233,184.00	\$ 233,184.00	\$ 226,734.24	\$ 6,449.76	
Other Expenses	299,095.00	299,094.00	226,949.89	72,144.11	
Capital Improvements:					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Capital Outlay	5,000.00	5,000.00		5,000.00	
Debt Service:					
Payment of Loan Principal	85,805.00	85,805.00	85,804.96		\$ 0.04
Payment of Bond Anticipation Notes	95,000.00	95,000.00	95,000.00		
Interest on Loans	11,753.00	11,753.00	11,751.23		1.77
Interest on Notes	12,748.00	12,749.00	10,322.55		2,426.45
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	28,000.00	28,000.00	28,000.00		
Social Security System (O.A.S.I.)	17,840.00	17,840.00	17,449.58	390.42	
	<u>\$ 793,425.00</u>	<u>\$ 793,425.00</u>	<u>\$ 707,012.45</u>	<u>\$ 83,984.29</u>	<u>\$ 2,428.26</u>
Ref.				D	
Analysis of Paid or Charged:					
Cash Disbursed			\$ 663,735.43		
Encumbrances			21,203.24		
Accrued Interest on Loans and Notes			<u>22,073.78</u>		
			<u>\$ 707,012.45</u>		

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

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
SEWER UTILITY FUND

BOROUGH OF STANHOPE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-5	\$ 978,410.06	\$ 1,125,766.19
Collector's Change Fund		50.00	50.00
		<u>978,460.06</u>	<u>1,125,816.19</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-8	129,335.78	135,603.09
Sewer Utility Liens Receivable	E-8A	2,702.63	4,644.41
Total Receivable offset with full Reserve		<u>132,038.41</u>	<u>140,247.50</u>
Total Operating Fund		<u>1,110,498.47</u>	<u>1,266,063.69</u>
Capital Fund:			
Cash and Cash Equivalents	E-5	515,723.83	510,723.83
Fixed Capital	E-9	4,822,884.46	4,690,232.79
Fixed Capital Authorized and Uncompleted	E-10	786,982.03	903,382.03
Total Capital Fund		<u>6,125,590.32</u>	<u>6,104,338.65</u>
<u>TOTAL ASSETS</u>		<u>\$ 7,236,088.79</u>	<u>\$ 7,370,402.34</u>

BOROUGH OF STANHOPE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	Ref.	2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-4;E-11	\$ 21,618.11	\$ 3,927.23
Unencumbered	E-4;E-11	160,596.05	103,175.05
Total Appropriation Reserves		182,214.16	107,102.28
Accrued Interest on Notes		5,346.83	3,590.79
Due to Current Fund	A		197,800.00
		187,560.99	308,493.07
Reserve for Receivables	E	132,038.41	140,247.50
Fund Balance	E-1	790,899.07	817,323.12
Total Operating Fund		1,110,498.47	1,266,063.69
Capital Fund:			
Bond Anticipation Notes Payable	E-16	510,925.00	584,925.00
Improvement Authorizations:			
Funded	E-12	20,686.19	4,112.91
Unfunded	E-12	41,031.00	41,352.61
Capital Improvement Fund	E-13	25,589.68	37,589.68
Reserve for:			
Amortization	E-14	4,856,984.46	4,750,232.79
Deferred Amortization	E-14A	241,957.03	258,457.03
Debt Service		66,864.58	66,542.97
Connection Fees		286,885.00	286,885.00
Preliminary Expenses		265.00	265.00
Fund Balance	E-2	74,402.38	73,975.66
Total Capital Fund		6,125,590.32	6,104,338.65
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 7,236,088.79	\$ 7,370,402.34

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

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31	
		2022	2021
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 186,976.00	\$ 165,048.00
Sewer Rents		863,021.59	838,320.20
Miscellaneous Revenue		44,770.09	24,022.23
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		101,924.58	94,924.11
Total Income		1,196,692.26	1,122,314.54
<u>Expenditures</u>			
Budget Expenditures:			
Operating		899,955.00	882,994.00
Capital Improvements		5,000.00	5,000.00
Capital Outlay		5,000.00	5,000.00
Debt Service		81,605.31	78,253.21
Deferred Charges and Statutory Expenditures		44,580.00	44,150.00
Total Expenditures		1,036,140.31	1,015,397.21
Excess in Revenue		160,551.95	106,917.33
<u>Fund Balance</u>			
Balance January 1		817,323.12	875,453.79
		977,875.07	982,371.12
Decreased by:			
Utilization as Anticipated Revenue		186,976.00	165,048.00
Balance December 31	E	\$ 790,899.07	\$ 817,323.12

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

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 73,975.66
Increased by:		
Improvement Authorizations Cancelled		<u>426.72</u>
Balance December 31, 2022	E	<u>\$ 74,402.38</u>

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 186,976.00	\$ 186,976.00	
Sewer Rents	836,000.00	863,021.59	\$ 27,021.59
Miscellaneous Revenue	15,000.00	44,770.09	29,770.09
	<u>\$ 1,037,976.00</u>	<u>\$ 1,094,767.68</u>	<u>\$ 56,791.68</u>

Analysis of Sewer Rents Realized

Collections	\$ 861,079.81
Liens Redeemed	<u>1,941.78</u>
	<u>\$ 863,021.59</u>

Analysis of Miscellaneous Revenue Realized

Miscellaneous:	
Interest on Sewer Rents	\$ 7,613.84
Interest on Investments and Deposits	9,957.92
Sewer Connection Fees	20,000.00
Due from Sewer Utility Capital Fund:	
Interest on Investments and Deposits	<u>7,198.33</u>
	<u>\$ 44,770.09</u>

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

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Budget After Mod- ification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 216,684.00	\$ 216,684.00	\$ 210,744.01	\$ 5,939.99	
Other Expenses	683,555.00	683,271.00	533,973.60	149,297.40	
Capital Improvements:					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Capital Outlay	5,000.00	5,000.00		5,000.00	
Debt Service:					
Payment of Note Principal	74,000.00	74,000.00	74,000.00		
Interest on Notes	9,157.00	9,441.00	7,605.31		\$ 1,835.69
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement Fund	28,000.00	28,000.00	28,000.00		
Social Security System (O.A.S.I.)	16,580.00	16,580.00	16,221.34	358.66	
	<u>\$ 1,037,976.00</u>	<u>\$ 1,037,976.00</u>	<u>\$ 875,544.26</u>	<u>\$ 160,596.05</u>	<u>\$ 1,835.69</u>
Ref.				E	
Analysis of Paid or Charged:					
Cash Disbursed			\$ 846,320.84		
Encumbrances			21,618.11		
Accrued Interest on Notes			<u>7,605.31</u>		
			<u>\$ 875,544.26</u>		

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

BOROUGH OF STANHOPE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Unaudited)

	December 31,	
	2022	2021
<u>ASSETS</u>		
Land	\$ 1,022,100.00	\$ 1,022,100.00
Building	1,756,890.03	1,756,890.03
Equipment and Vehicles	5,171,871.91	5,136,182.45
<u>TOTAL ASSETS</u>	<u>\$ 7,950,861.94</u>	<u>\$ 7,915,172.48</u>
<u>RESERVE</u>		
Reserve for Fixed Assets	\$ 7,950,861.94	\$ 7,915,172.48
<u>TOTAL RESERVE</u>	<u>\$ 7,950,861.94</u>	<u>\$ 7,915,172.48</u>

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Stanhope include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Stanhope, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Stanhope do not include the operations of the rescue squad or first aid organization.

Governmental Accounting Standards Board ("GASB") *Codification of Government Accounting and Financial Reporting Standards*, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Stanhope conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 respect to public funds. Under this method of accounting, the Borough of Stanhope 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.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

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

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

General Fixed Assets Account Group (Unaudited) - These accounts were established with estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Current Fund when it is received and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled 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.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America; encumbrances would not be considered as expenditures, appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and fixed assets purchased by the Utility Capital Funds would be depreciated and the Borough's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, or by selling bonds, by issuing loans or through financed purchases agreements.

E. Other Significant Accounting Policies Include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies Include: (Cont'd)

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed Property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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

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

General Fixed Assets (Unaudited) – In accordance with New Jersey Administrative Code accounting requirements, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value in the year in which they were originally recorded. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, the General Capital Fund and the Utility Capital Funds. The values recorded in the General Fixed Assets Account Group, Current Fund and the Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies Include: (Cont'd)

General Fixed Assets (Unaudited) (Cont'd)

Property and equipment purchased by the Utility Funds are recorded in the Utility Capital accounts at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in these utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for Current and Water and Sewer Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bond to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

	December 31,		
	2022	2021	2020
<u>Issued</u>			
General:			
Notes	\$ 2,417,861.00	\$ 2,799,909.00	\$ 2,847,284.00
Water Utility:			
Loans and Notes	1,695,792.01	1,876,596.97	1,813,785.93
Sewer Utility:			
Notes	510,925.00	584,925.00	626,525.00
Total Issued	<u>4,624,578.01</u>	<u>5,261,430.97</u>	<u>5,287,594.93</u>
Less:			
Funds Temporarily Held to			
Pay Bonds and Notes:			
General Capital	163,890.18	43,217.97	
Water Utility	41,921.57	11,317.52	5,750.00
Sewer Utility	66,864.58	66,542.97	50,000.00
Total Deductions	<u>272,676.33</u>	<u>121,078.46</u>	<u>55,750.00</u>
Net Debt Issued	<u>4,351,901.68</u>	<u>5,140,352.51</u>	<u>5,231,844.93</u>

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt (Cont'd)

	December 31,		
	2022	2021	2020
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	\$ 323,120.00	\$ 69,170.00	\$ 334,625.00
Water Utility:			
Bonds and Notes	10,540.00		236,400.00
Sewer Utility:			
Bonds and Notes			28,400.00
Total authorized but not Issued	<u>\$ 333,660.00</u>	<u>\$ 69,170.00</u>	<u>\$ 599,425.00</u>
Net Bonds and Notes Issued			
and Authorized but not Issued	<u>\$ 4,685,561.68</u>	<u>\$ 5,209,522.51</u>	<u>\$ 5,831,269.93</u>

Summary of Municipal Debt Issued and Outstanding – Prior and Current Year

	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Bond Anticipation Notes:				
General Capital Fund	\$ 2,847,284.00	\$ 2,799,909.00	\$ 2,847,284.00	\$ 2,799,909.00
Water Utility Capital Fund	641,493.00	789,893.00	641,493.00	789,893.00
Sewer Utility Capital Fund	626,525.00	584,925.00	626,525.00	584,925.00
Loans Payable:				
Water Utility Capital Fund:				
NJ Environmental				
Infrastructure Loans	1,172,292.93		85,588.96	1,086,703.97
Total	<u>\$ 5,287,594.93</u>	<u>\$ 4,174,727.00</u>	<u>\$ 4,200,890.96</u>	<u>\$ 5,261,430.97</u>
	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Bond Anticipation Notes:				
General Capital Fund	\$ 2,799,909.00	\$ 2,417,861.00	\$ 2,799,909.00	\$ 2,417,861.00
Water Utility Capital Fund	789,893.00	694,893.00	789,893.00	694,893.00
Sewer Utility Capital Fund	584,925.00	510,925.00	584,925.00	510,925.00
Loans Payable:				
Water Utility Capital Fund:				
NJ Environmental				
Infrastructure Loans	1,086,703.97		85,804.96	1,000,899.01
Total	<u>\$ 5,261,430.97</u>	<u>\$ 3,623,679.00</u>	<u>\$ 4,260,531.96</u>	<u>\$ 4,624,578.01</u>

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Borough's debt issued and outstanding on December 31, 2022, is described as follows:

General Capital Fund

Bond Anticipation Notes

<u>Purpose</u>	Maturities of Notes Outstanding Dec. 31, 2022		
	<u>Rate</u>	<u>Date</u>	<u>Amount</u>
Various Improvements	1.610%	5/5/2023	\$ 47,000.00
Various Improvements	1.610%	5/5/2023	21,050.00
Maple and Mountain Terrace	1.610%	5/5/2023	70,291.00
James Street Improvements	1.610%	5/5/2023	39,993.00
Various Improvements	1.610%	5/5/2023	72,155.00
Various Improvements	1.610%	5/5/2023	109,948.00
Improvements of Various Roads	1.610%	5/5/2023	54,235.00
Various Improvements	1.610%	5/5/2023	145,741.00
Various Improvements	1.610%	5/5/2023	97,136.00
Improvement of Sparta Rd & Various Trails	1.610%	5/5/2023	56,615.00
Various Improvements	1.610%	5/5/2023	991,500.00
Various Improvements	1.610%	5/5/2023	321,402.00
Various Improvements	1.610%	5/5/2023	321,625.00
Purchase of DPW Equipment	1.610%	5/5/2023	26,420.00
Various Improvements	1.610%	5/5/2023	42,750.00
			<u>\$ 2,417,861.00</u>

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Borough's debt issued and outstanding on December 31, 2022, is described as follows:

Water Utility Capital Fund

Bond Anticipation Notes

<u>Purpose</u>	Maturities of Notes Outstanding Dec. 31, 2022		
	<u>Rate</u>	<u>Date</u>	<u>Amount</u>
Improvement to Water Supply and Distribution System	1.610%	5/5/2023	\$ 10,500.00
Acquisition of New and Additional Vehicular Equipment	1.610%	5/5/2023	5,250.00
Improvement to Water Supply and Distribution System	1.610%	5/5/2023	7,900.00
Acquisition of New and Additional Equipment	1.610%	5/5/2023	31,500.00
Improvement to Water Supply and Distribution System	1.610%	5/5/2023	21,647.00
Improvement to Water Supply and Distribution System	1.610%	5/5/2023	120,516.00
Various Improvements	1.610%	5/5/2023	17,760.00
Improvement to Water Supply and Distribution System	1.610%	5/5/2023	25,700.00
Various Improvements	1.610%	5/5/2023	97,870.00
Improvement to Water Supply and Distribution System	1.610%	5/5/2023	47,350.00
Various Improvements	1.610%	5/5/2023	72,500.00
Various Improvements	1.610%	5/5/2023	236,400.00
			<u>\$ 694,893.00</u>

NJ Environmental Infrastructure Trust Loans

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>
Fund Loan #1	08/01/2033	N/A	\$ 504,648.38
Trust Loan #1	08/01/2033	3.00%-5.00%	200,000.00
Fund Loan #2	08/01/2033	N/A	139,830.63
Trust Loan #2	08/01/2033	0.20%-3.35%	156,420.00
			<u>\$ 1,000,899.01</u>

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Borough's debt issued and outstanding on December 31, 2022, is described as follows:

Sewer Utility Capital Fund

Bond Anticipation Notes

<u>Purpose</u>	Maturities of Notes Outstanding Dec. 31, 2022		
	<u>Rate</u>	<u>Date</u>	<u>Amount</u>
Various Improvements	1.610%	5/5/2023	\$ 458,165.00
Various Improvements	1.610%	5/5/2023	26,860.00
Various Improvements	1.610%	5/5/2023	<u>25,900.00</u>
			<u>\$ 510,925.00</u>

Total Debt Issued and Outstanding	<u>\$4,624,578.01</u>
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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 0.725%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 6,300,000.00	\$ 6,300,000.00	
Water Utility Debt	1,706,332.01	1,706,332.01	
Sewer Utility Debt	510,925.00	510,925.00	
General Debt	<u>2,740,981.00</u>	<u>163,890.18</u>	<u>\$ 2,577,090.82</u>
	<u>\$ 11,258,238.01</u>	<u>\$ 8,681,147.19</u>	<u>\$ 2,577,090.82</u>

Net Debt \$2,577,090.82 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$355,687,948.33 = 0.725%.

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

3.5% Average Equalized Valuation of Real Property	\$ 12,449,078.19
Net Debt	<u>2,577,090.82</u>
Remaining Borrowing Power	<u>\$ 9,871,987.37</u>

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2: Long-Term Debt (Cont'd)

Calculation of "Self-Liquidating Purpose", Water Utility Per
N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 868,012.96
Deductions:		
Operating and Maintenance Costs	\$ 578,118.00	
Debt Service	202,878.74	
Total Deductions		<u>780,996.74</u>
Excess in Revenue		<u>\$ 87,016.22</u>

Calculation of "Self-Liquidating Purpose", Sewer Utility Per
N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,094,767.68
Deductions:		
Operating and Maintenance Costs	\$ 944,535.00	
Debt Service	81,605.31	
Total Deductions		<u>1,026,140.31</u>
Excess in Revenue		<u>\$ 68,627.37</u>

Footnote:

If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount or the gross amount of authorized debt whichever is lesser.

The above is in agreement with the annual debt statement as filed by the Chief Financial Officer.

Schedule of Annual Debt Service for the Next Five Years and Thereafter for Loans Issued and Outstanding

Year Ended Dec. 31,	Water Utility Capital		Total
	Principal	Interest	
2023	\$ 86,048.96	\$ 11,172.08	\$ 97,221.04
2024	86,317.96	10,152.94	96,470.90
2025	86,610.96	9,110.18	95,721.14
2026	86,929.96	8,341.14	95,271.10
2027	92,283.96	7,537.60	99,821.56
2028-2032	467,710.80	22,394.25	490,105.05
2033	94,996.41	1,199.64	96,196.05
Total	<u>1,000,899.01</u>	<u>69,907.83</u>	<u>1,070,806.84</u>

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2: Long-Term Debt (Cont'd)

NJ Environmental Infrastructure Trust (EIT) Loan

On May 30, 2014, the Borough of Stanhope entered into a NJ Environmental Infrastructure Financing Program loan agreement with the State of New Jersey, acting by and through the NJ Department of Environmental Protection. The Fund loan portion is \$1,152,250 and the Trust loan portion is \$545,000. The aggregate amount of \$1,697,250 represents direct obligations of the Borough. The loan proceeds were obtained to finance a portion of the cost of water system improvement projects. At December 31, 2022, the Borough had borrowed or "drawn down" \$1,697,250 for these projects. The loan balance as of the end of the year is \$1,000,899.01.

Principal payments to the Fund commenced August 1, 2014 and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the Trust commenced August 1, 2014 and will continue on an annual basis over 19 years at 0.20% - 3.35% interest. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings on the debt service reserve fund (as defined in the bond resolution) will be transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of up to one percent (1.0%) of the initial principal amount of the loan or such lesser amount, if any, as may be authorized by any act of the NJ State Legislature and as the State may approve from time to time is payable on this loan.

Note 3: Fund Balances Appropriated

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

Current Fund	\$881,000.00
Water Utility Operating Fund	110,732.43
Sewer Utility Operating Fund	188,976.00

Note 4: School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough of Stanhope has not elected to defer school taxes.

Note 5: Pension Plans

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members.

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

Borough contributions to PERS amounted to \$135,103 for 2022. The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2021, the Borough's liability was \$1,366,643 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 which was rolled forward to June 30, 2021. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the Borough's proportion was 0.0115%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2020. The Borough has rolled forward the net pension liability as of June 30, 2021 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2021 pension information in the Notes to the Financial Statements as the June 30, 2022 pension information has not been released as of the date of this audit.

For the year ended December 31, 2022, the Borough recognized actual pension expense in the amount of \$135,103.

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 actuarial assumptions:

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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' target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
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 and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

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 Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2021 calculated using the discount rate as disclosed below, as well as what the Borough'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:

	June 30, 2021		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 1,861,090	\$ 1,366,643	\$ 947,034

Pension Plan Fiduciary Net Position

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

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2021, the State contributed an amount less than the actuarially determined amount.

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Borough contributions to PFRS amounted to \$276,918 for the year ended December 31, 2022. During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$42,430 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$54,398.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2021, the Borough's liability for its proportionate share of the net pension liability was \$1,736,678. 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 which was rolled forward to June 30, 2021.

The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the Borough's proportion was 0.024%, which was an increase of 0.002% from its proportion measured as of June 30, 2020. The Borough has rolled forward the net pension liability as of June 30, 2021 with no adjustments.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2021 pension information in the Notes to the Financial Statements as the June 30, 2022 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$488,440 as of June 30, 2021. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the State's proportion was 0.024%, which was an increase of 0.002% from its proportion measured as of June 30, 2020 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 1,736,678
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>488,440</u>
Total Net Pension Liability	<u>\$ 2,225,118</u>

For the year ended December 31, 2022, the Borough recognized total pension expense of \$276,918.

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 actuarial assumptions:

Inflation Rate	2.75%
Salary Increases:	
Through all future years	3.25% - 15.25% based on years of service
Investment Rate of Return	7.00%

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. 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, 2013 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 PFRS' target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
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%

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Discount Rate - PFRS

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 and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 to determine the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2021 calculated using the discount rate as disclosed above, as well as what the collective 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:

	June 30, 2021		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 3,378,772	\$ 2,225,118	\$ 1,264,825

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$2,094 for the year ended December 31, 2022. Employee contributions to DCRP amounted to \$1,795 for the year ended December 31, 2022.

Note 6: Accrued Sick and Vacation Benefits

The Borough of Stanhope permits employees to accrue unused sick and vacation pay, which may be taken as time off or paid upon retirement or separation. It is estimated that the current cost of such unpaid compensation would approximate \$136,494. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is fully reserved in the Reserve for Accumulated Sick and Vacation Compensation of \$174,786.66 on the Trust Funds balance sheet at December 31, 2022.

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 7: Selected Tax Information (Cont'd)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	\$ 4.32	\$ 4.30	\$ 4.24
<u>Apportionment of Tax Rate</u>			
Municipal	1.24	1.22	1.19
County	0.67	0.66	0.66
Local School	1.69	1.67	1.61
Regional High School	0.74	0.75	0.78
<u>Assessed Valuations</u>			
2022	<u>\$ 296,246,900.00</u>		
2021		<u>\$ 294,711,700.00</u>	
2020			<u>\$ 294,340,200.00</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2022	\$ 12,824,199.03	\$ 12,570,814.78	98.02%
2021	12,699,874.94	12,453,608.05	98.06%
2020	12,488,525.60	12,249,205.76	98.08%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Risk Management

The Borough 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. Health benefits are provided to employees through the State of New Jersey health benefits plan.

The Borough of Stanhope is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 8: Risk Management (Cont'd)

The following coverages are offered by the fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2022 audit report for this fund was not filed as of the date of this report. Selected financial information for this Fund as of December 31, 2021 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 38,998,094</u>
Net Position	<u>\$ 16,225,925</u>
Total Revenue	<u>\$ 21,199,571</u>
Total Expenses	<u>\$ 20,283,613</u>
Change in Net Position	<u>\$ 915,958</u>
Members Dividends	<u>\$ -0-</u>

Financial statements for the fund are available at the Office of the Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 8: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough/employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Interest Earned</u>	<u>Borough/ Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 713.23	\$ -0-	\$ 1,177.76	\$ 134,780.06
2021	266.38	-0-	4,912.51	130,133.93
2022	1,620.87	-0-	1,931.99	129,822.81

Self-Insurance Trust

The Reserve for Self-Insurance Trust was established in the Other Trust Funds to fund the Borough's self-insured retention for Employment Practices Liability ("EPL") and Proof of Loss ("POL") claims should they occur. The Borough's obligation or exposure on an EPL/POL claim is the first \$20,000 of the claim and then 20% of the first \$250,000 for a combined possible exposure of \$75,000 per claim.

Note 9: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following two pages.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Custodial Credit Risk – The Borough’s policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of collected public funds on deposit; and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law” P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2022, cash and cash equivalents of the Borough of Stanhope consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ Cash Manage- ment Fund</u>	<u>Totals</u>
Current	\$250.00	\$3,113,532.29	\$105,247.07	\$3,219,029.36
Animal Control		7,637.80		7,637.80
Other Trust		838,136.46		838,136.46
General Capital		58,536.85	489.71	59,026.56
Water Operating	50.00	516,675.04	96,724.99	613,450.03
Water Capital		482,371.83	5,142.27	487,514.10
Sewer Operating	50.00	944,883.17	33,526.89	978,460.06
Sewer Capital		176,571.47	339,152.36	515,723.83
	<u>\$350.00</u>	<u>\$6,138,344.91</u>	<u>\$580,283.29</u>	<u>\$6,718,978.20</u>

During the year ended December 31, 2022, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at year end was \$6,718,978.20 and the bank balance was \$6,727,229.92. The \$580,283.29 invested with the State of New Jersey Cash Management Fund is uninsured and unregistered.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 10: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

Contributions

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.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2021 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2021 OPEB information in the Notes to the Financial Statements as the June 30, 2022 information has not been released as of the date of this report.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense (Cont'd)

The State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2021 was \$2,613,985. At June 30, 2021, the State's proportion related to the Borough was .068%. This is the percentage of the total State Share of the net OPEB liability of the Plan. During the year ended June 30, 2021, the State of New Jersey's OPEB benefit related to the Borough was \$356,688.

Actuarial Assumptions and Other Inputs

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*:	
Public Employee's Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% - 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% - 15.25%

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

Mortality:

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

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of the PFRS and 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.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.65% for fiscal year 2021 and decreases to a 4.5% long term trend rate after seven years. For PPO post 65 medical benefits, the trend rate is initially 13.08% and decreases to a 4.5% long term trend rate starting with fiscal year 2032 and later. For HMO Post 65 medical benefits, the trend rate is initially 13.76% and decreases to a 4.50% long term trend rate starting with fiscal year 2032 and later. For prescription drug benefits, the initial trend rate is 6.75% for fiscal year 2021 and decreases to a 4.5% long term rate after seven years.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond 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.

Note 11: Deferred Compensation Plan

The Borough of Stanhope offers its employees deferred compensation plans (the "Plans") created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by VALIC and Equitable, are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 350,489.00	
Animal Control Fund		\$ 489.00
General Capital Fund		350,000.00
	<u>\$ 350,489.00</u>	<u>\$ 350,489.00</u>

The interfund receivable in the Current Fund and the interfund payable in the Animal Control Fund represents the statutory excess collected in the Animal Control Fund. The interfund receivable in the Current Fund and the interfund payable in General Capital represents an interfund loan not returned by year end.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 13: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, disputes over contract awards, and as one of several hundred third-party defendants in "superfund" litigation. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position as of December 31, 2022.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting a final decision. The ultimate outcome and effect of such appeals have not been determined; however, the Borough Tax Assessor will aggressively defend the Borough's assessments. The Borough has established a reserve for this contingency in the amount of \$168,230.11, which the Borough believes is adequate to cover any potential liability.

Note 14: Economic Dependency

The Borough receives a substantial amount of its support from the federal and state government. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 15: Fixed Assets (Unaudited)

The following is a summarization of the activity of the Borough of Stanhope's fixed assets for the year ended December 31, 2022:

	Balance Dec. 31, 2021	Additions	Deletions	Balance Dec. 31, 2022
Land	\$ 1,022,100.00			\$ 1,022,100.00
Buildings	1,756,890.03			1,756,890.03
Equipment and Vehicles	5,136,182.45	\$ 35,689.46		5,171,871.91
	<u>\$ 7,915,172.48</u>	<u>\$ 35,689.46</u>	<u>\$ -0-</u>	<u>\$ 7,950,861.94</u>

SUPPLEMENTARY DATA

BOROUGH OF STANHOPE
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2022

The following officials were in office during the period under audit:

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Patricia Zdichocki	Mayor		
Diana Kuncken	Council President		
Thomas Romano	Councilperson		
Anthony Riccardi	Councilperson		
Eugene Wronko	Councilperson		
Michael Vance	Councilperson		
Bill Thornton	Councilperson		
Brian McNeilly	Administrator	*	
Ellen Horak	Borough Clerk	*	
Dana Mooney	Chief Financial Officer/Tax Collector (to 3/31/22)	\$ 1,000,000	Municipal Excess Liability JIF
Angelica Sabatini	Chief Financial Officer/Tax Collector (from 4/1/2022)	1,000,000	Municipal Excess Liability JIF
Maria Mascuch	Sewer Collector and Water Collector (to 12/15/22)	1,000,000	Municipal Excess Liability JIF
Tammy Minniti	Sewer Collector and Water Collector (from 12/19/22)	1,000,000	Municipal Excess Liability JIF
Ursula H. Leo	Attorney		

* All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
CURRENT FUND

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 3,101,674.40
Increased by Receipts:		
Tax Collector	\$ 12,894,169.76	
Revenue Accounts Receivable	434,146.86	
Miscellaneous Revenue Not Anticipated	95,413.34	
Appropriation Refunds	278,169.40	
Due to State of New Jersey:		
Veterans and Senior Citizens' Deductions	23,059.59	
Training Fees	3,217.00	
Marriage License Fees	250.00	
Due from Animal Control Fund	3,966.45	
Due Other Trust Funds:		
Interfund Returned	11.06	
Reserve for Safety Training & Equipment	750.00	
Due Sewer Utility Operating Fund - Interfund Returned	197,800.00	
Unappropriated Reserves:		
Body Armor Replacement Program	983.46	
Safe and Secure Communities	7,425.00	
American Rescue Plan	173,017.12	
Appropriated Reserves:		
Housing Reimbursement Program Reimbursement	1,375.00	
Reserve for Sale of Municipal Assets	5,851.00	
Reserve for Municipal Relief Fund	11,297.76	
	<hr/>	<hr/>
		14,130,902.80
		<hr/> 17,232,577.20

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Decreased by Disbursements:

2022 Appropriation Expenditures	\$ 4,233,630.43	
2021 Appropriation Reserves	139,803.91	
Accounts Payable	10,500.00	
Local School District Taxes	4,996,993.00	
Regional School Taxes	2,178,373.00	
County Taxes	1,975,663.18	
Tax Overpayment Refunds	2,811.06	
Due to Other Trust Funds:		
Prior Year Interfund Returned	50,000.00	
Due to Water Utility Capital Fund	600.00	
Due to State of New Jersey:		
Training Fees	3,202.00	
Marriage License Fees	450.00	
Due from General Capital Fund	350,000.00	
Reserve for Third Party Tax Title Liens	61,588.78	
Appropriated Reserves:		
Clean Communities Program	3,682.92	
Drunk Driving Enforcement Fund	598.00	
Body-Worn Camera Grant	5,901.56	
		\$ 14,013,797.84
Balance December 31, 2022	A	\$ 3,218,779.36

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2022

Increased by Receipts:

Taxes Receivable	\$ 12,673,928.72	
Tax Title Liens Receivable	26,566.39	
2023 Prepaid Taxes	63,053.36	
Tax Overpayments	1,703.71	
Outside Liens	79,972.40	
Interest and Costs on Taxes	<u>48,945.18</u>	
		<u>\$ 12,894,169.76</u>

Decreased by:

Payments to Treasurer		<u><u>\$ 12,894,169.76</u></u>
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CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec 31, 2021	2022 Levy	Collections		Tax Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance Dec 31, 2022
2021	\$ 191,894.83			\$ 191,840.17			\$ 54.66		
2022		\$ 12,824,199.03	\$ 65,194.81	12,482,088.55	\$ 781.42	\$ 22,750.00	10,958.97	\$ 48,177.98	\$ 194,247.30
	\$ 191,894.83	\$ 12,824,199.03	\$ 65,194.81	\$ 12,673,928.72	\$ 781.42	\$ 22,750.00	\$ 11,013.63	\$ 48,177.98	\$ 194,247.30

Ref. A

A

Analysis of 2022 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 12,809,715.53
Added Taxes (54:4-63.1 et seq.)	14,483.50

\$ 12,824,199.03

Tax Levy:

Local School District Taxes	\$ 4,996,993.00
Regional High School Taxes	2,178,373.00
County Taxes	\$ 1,971,924.36
County Added and Omitted Taxes	2,234.04
	<u>1,974,158.40</u>
	<u>9,149,524.40</u>

Local Tax for Municipal Purposes	\$ 3,659,609.07
Add: Additional Tax Levied	15,065.56

3,674,674.63
\$ 12,824,199.03

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 402,885.60
Increased by:		
Transfer from Taxes Receivable		48,177.98
		<u>451,063.58</u>
Decreased by:		
Cash Collections		26,566.39
		<u>26,566.39</u>
Balance December 31, 2022	A	<u>\$ 424,497.19</u>

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec 31, 2021	Accrued In 2022	Collected by Treasurer	Balance Dec 31, 2022
Clerk:				
Licenses:				
Alcoholic Beverages				
Fees and Permits		\$ 3,031.00	\$ 3,031.00	
Zoning Officer:		9,271.50	9,271.50	
Fees and Permits		1,815.00	1,815.00	
Board of Health:				
Fees and Permits		660.00	660.00	
Construction Code Official:				
Fees and Permits		78,668.00	78,668.00	
Municipal Court:				
Fines and Costs	\$ 3,182.92	38,707.24	41,574.85	\$ 315.31
Police Department:				
Fees and Permits		633.25	633.25	
Planning Board/Board of Adjustment:				
Fees and Permits		1,360.00	1,360.00	
Energy Receipts Tax		216,582.00	216,582.00	
Garden State Trust Fund		4,439.00	4,439.00	
Reserve to Pay Debt Service		43,217.97	43,217.97	
Clean Communities Program		8,079.33	8,079.33	
Recycling Tonnage Grant		8,938.14	8,938.14	
Body Armor Replacement Program		826.82	826.82	
Alice PEG Access Grant		6,000.00	6,000.00	
NMC CAB Grant		5,000.00	5,000.00	
Safe and Secure Communities Program		4,050.00	4,050.00	
	<u>\$ 3,182.92</u>	<u>\$ 431,279.25</u>	<u>\$ 434,146.86</u>	<u>\$ 315.31</u>
<u>Ref.</u>	A			A

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022

	Balance Dec 31, 2021	Balance After Modification	Paid or Charged	Balance Lapsed
General Government:				
Administrative and Executive:				
Other Expenses	\$ 3,898.50	\$ 3,898.50	\$ 750.74	\$ 3,147.76
Mayor and Council:				
Salaries and Wages	221.14	221.14		221.14
Other Expenses	8,710.66	8,710.66	1,746.59	6,964.07
Municipal Clerk:				
Other Expenses	2,015.34	2,015.34	276.93	1,738.41
Financial Administration:				
Other Expenses	1,841.11	1,841.11	475.79	1,365.32
Annual Audit	1,036.00	1,036.00		1,036.00
Computerized Data Processing:				
Other Expenses	6,395.66	6,395.66	237.90	6,157.76
Assessment of Taxes:				
Other Expenses	1,994.30	1,994.30	1,063.83	930.47
Collection of Taxes:				
Other Expenses	890.28	890.28	50.00	840.28
Legal Services and Costs:				
Other Expenses	40,483.58	40,483.58	5,788.00	34,695.58
Engineering Services:				
Other Expenses	9,617.50	8,226.50	75.00	8,151.50
Public Buildings and Grounds:				
Salaries and Wages	2,015.05	2,015.05		2,015.05
Other Expenses	21,118.70	21,118.70	10,992.51	10,126.19
Insurance:				
Liability Insurance	14.00	14.00		14.00
Workers Compensation	14.00	14.00		14.00
Employee Group Insurance	34,245.23	34,245.23	173.00	34,072.23
Health Insurance Waiver	9,900.00	9,900.00	9,066.67	833.33
Land Use Administration:				
Municipal Land Use Law (N.J.S.A. 40:55d-1):				
Planning Board:				
Salaries and Wages	5.00	5.00		5.00
Other Expenses	4,038.04	4,038.04		4,038.04
Zoning and Code Enforcement:				
Salaries and Wages	3,386.56	3,386.56		3,386.56
Other Expenses	327.95	327.95	161.00	166.95
Regional Planning Board:				
Other Expenses	0.47	0.47		0.47
Affordable Housing-COAH	1,000.00	1,000.00		1,000.00
Public Works:				
Environmental Commission:				
Other Expenses	2,284.40	2,284.40	275.00	2,009.40
Shade Tree Commission:				
Other Expenses	1,092.84	1,092.84	650.00	442.84

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Public Safety:				
Fire:				
Other Expenses	\$ 4,175.43	\$ 4,175.43	\$ 1,783.46	\$ 2,391.97
Police:				
Salaries and Wages	124,979.90	124,713.90	20,166.72	104,547.18
Other Expenses	2,829.07	3,095.07	3,094.81	0.26
Police Radio and Communication:				
Contractual	2.00	2.00		2.00
Emergency Management:				
Other Expenses	1,002.06	1,002.06		1,002.06
Streets and Roads:				
Department of Public Works:				
Salaries and Wages	19,235.50	19,235.50		19,235.50
Other Expenses	28,674.86	28,674.86	15,910.74	12,764.12
Garbage and Trash Removal:				
Salaries and Wages	2,441.13	2,441.13		2,441.13
Other Expenses	41,879.00	41,879.00	26,200.00	15,679.00
Vehicle Maintenance:				
Other Expenses	4,032.00	4,032.00	3,984.58	47.42
Health and Welfare:				
Board of Health:				
Other Expenses	635.59	635.59		635.59
Animal Regulation:				
Other Expenses	6,086.50	6,086.50		6,086.50
Recreation and Education:				
Celebration of Public Events:				
Other Expenses	669.06	669.06		669.06
Board of Recreation Commissioners:				
Other Expenses	11,223.45	11,223.45	50.00	11,173.45
Stormwater Management:				
Other Expenses	84.08	1,475.08	1,475.00	0.08
Uniform Construction Code:				
Construction Code Official:				
Salaries and Wages	6,224.21	6,224.21		6,224.21
Other Expenses	82.00	82.00		82.00

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Unclassified:				
Utilities	\$ 36,030.23	\$ 36,030.23	\$ 10,701.26	\$ 25,328.97
Condo Services:				
Other Expenses	22,646.97	22,646.97	18,606.20	4,040.77
Contingent	1,000.00	1,000.00		1,000.00
Social Security System (O.A.S.I.)	14,827.13	14,827.13		14,827.13
Capital Improvements:				
Road Repairs and Resurfacing	25,000.00	25,000.00	25,000.00	
	<u>\$ 510,306.48</u>	<u>\$ 510,306.48</u>	<u>\$ 158,755.73</u>	<u>\$ 351,550.75</u>

Analysis of Balance December 31, 2021

	<u>Ref.</u>	
Unencumbered	A	\$ 476,541.58
Encumbered	A	33,764.90
		<u>\$ 510,306.48</u>

Analysis of Paid or Charged

Cash Disbursed	\$ 139,803.91
Accounts Payable	18,951.82
	<u>\$ 158,755.73</u>

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2022

Increased by:

Levy - Calendar Year 2022	\$ 4,996,993.00
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Decreased by:

Payments to Local School District	\$ 4,996,993.00
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CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2022

Increased by:

Levy - Calendar Year 2022	\$ 2,178,373.00
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Decreased by:

Payments to Regional School District	\$ 2,178,373.00
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BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
TRUST FUNDS

BOROUGH OF STANHOPE
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Other Trust Funds								
	Ref.	Animal Control Fund	Recycling Tonnage Program	State Unemployment Insurance Fund	Performance Bonds and Escrow Deposits	Public Defender	Parking Offenses		
							Adjudication Act	COAH Housing	
Balance December 31, 2021	B	\$ 13,134.45	\$ 33,522.90	\$ 130,133.93	\$ 31,387.95	\$ 12,835.92	\$ 3,284.00	\$ 43,961.61	\$ 554,715.00
Increased by Receipts:									
Animal Control Fees		3,475.20							
State Registration Fees		466.80							
Penalties and Miscellaneous		740.00							
Due to/from Current Fund:									
Interfund Returned									
Tax Sale Premium									50,000.00
Interest on Deposits				1,620.87	8.42	161.24	41.51		30,300.00
Escrow Deposits and Interest									19,147.38
Parking Offenses Adjudication Act							22.00		
Accumulated Sick and Vacation									
Compensation Expenditure									
Reserve for Self-Insurance Trust									20,000.00
Recreation Deposits								8,339.10	10,000.00
COAH Housing Deposit and Interest									350.00
Recycling Revenue and Interest									
Total Receipts		4,682.00	10,858.56	1,620.87	8.42	161.24	63.51	8,339.10	129,797.38
Total Funds Available		17,816.45	44,381.46	131,754.80	31,396.37	12,997.16	3,347.51	52,300.71	684,512.38
Decreased by Disbursements:									
State Registration Fees		466.80							
Animal Control Fund Expenditures		1,700.39							
Due to Current Fund									
Interfund Advanced/Returned		3,966.45							11.06
Statutory Excess Due to Current		4,045.01							
Reserve for Recycling Expenditures			16,432.86						
Performance Bond and Escrow									
Deposit Expenditures					30,236.77				35,248.66
Tax Sale Premium Expenditures									34,800.00
Accumulated Sick and Vacation									3,542.59
Compensation Expenditures									350.00
Recreation Trust				1,931.99					
State Unemployment Insurance Expenditures				1,931.99					73,952.31
Total Disbursements		10,178.65	16,432.86	1,931.99	30,236.77				
Balance December 31, 2022	B	\$ 7,637.80	\$ 27,948.60	\$ 129,822.81	\$ 1,159.60	\$ 12,997.16	\$ 3,347.51	\$ 52,300.71	\$ 610,560.07

BOROUGH OF STANHOPE
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2021	B	\$	9,168.00
Increased by:			
Dog License Fees Collected		\$	2,675.20
Cat License Fees Collected			800.00
Penalties			740.00
			<u>4,215.20</u>
			13,383.20
Decreased by:			
Animal Control Fund Expenditures			1,700.39
Statutory Excess- Due to Current Fund			4,534.01
			<u>6,234.40</u>
Balance December 31, 2022	B	\$	<u><u>7,148.80</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2020	\$ 3,619.60
2021	3,529.20
	<u>7,148.80</u>
Maximum Allowable Reserve	<u><u>\$ 7,148.80</u></u>

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
GENERAL CAPITAL FUND

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance December 31, 2021	C	\$	486,722.86
Increased by:			
Current Fund Budget Appropriation:			
Capital Improvement Fund		\$	30,000.00
Payment of Bond Anticipation Notes			451,218.00
Current Fund Appropriation Reserves:			
Reserve for Road Improvements			19,836.38
Bond Anticipation Notes Issued			2,417,861.00
Due to/from Current Fund :			
Interest Income			2,183.96
Interfund Advanced			350,000.00
			<u>3,271,099.34</u>
			3,757,822.20
Decreased by:			
Due to Current Fund:			
Interest			2,183.96
Reserve for Debt Service - Anticipated as Current Fund Revenue			43,217.97
Bond Anticipation Notes Payable			2,799,909.00
Improvement Authorization Expenditures			853,484.71
			<u>3,698,795.64</u>
Balance December 31, 2022	C	\$	<u><u>59,026.56</u></u>

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec 31, 2021	Receipts		Disbursements		Transfers		Balance (Deficit) Dec 31, 2022
		Bond Anticipation Notes	Budget Appropriations	Miscellaneous	Bond Anticipation Notes	Improvement Authori- zations	Miscellaneous	
Fund Balance	\$ 68,769.25							\$ 56,769.25
Due Current Fund			\$ 451,218.00	\$ 352,183.96			\$ 12,000.00	\$ 350,000.00
Capital Improvement Fund	26,405.42		30,000.00				451,218.00	26,598.20
Federal Transportation Alternative Grant	(943,593.00)						47,992.00	(943,593.00)
New Jersey Department of Transportation Grant Receivable	(295,854.87)						181,200.00	(477,054.87)
Reserve to Pay Debt Service	43,217.97							163,890.18
Reserve for Morris Canal Rehabilitation	10,000.00							10,000.00
Reserve for Road Improvements	62,759.08		19,836.38					82,595.46
Reserve for Preliminary Expenses- Pedestrian Loop	262.50							262.50
Ordinance								
No. Date	Improvement Description							
01-03 05/29/01	Improvements of Public Buildings							45,883.76
07-05 06/26/07	Improvement of the Municipal Building;							22,800.00
12-15 06/26/12	Various Improvements							
13-12 07/09/13	Various Improvements							
14-08 04/08/14	Maple and Mountain Terrace Reconstruction							
14-12 06/24/14	James Street Improvements							
14-13 06/24/14	Various Improvements							
15-10 04/28/15	Various Improvements							
15-14 07/14/15	Improvement of Various Roads							
16-04 04/12/16	Various Improvements							
16-11 09/13/16	Supply Main Street Lighting							
17-03 05/09/17	Various Improvements							
17-04 05/09/17	Various Improvements							
18-03 03/27/18	Sparta Roads and Trails							
18-08 05/08/18	Various Improvements							
18-09 05/08/18	Various Improvements							
19-01 02/12/19	Various Improvements							
19-06 04/23/19	Various Improvements							
20-02 01/28/20	Various Improvements							
20-05 04/14/20	Various Improvements							
21-03 03/09/21	Sparta Roads and Trails							
21-06 04/27/21	Various Improvements							
21-07 04/27/21	Purchase of DPW Equipment							
21-11 05/25/21	Various Improvements							
22-04 04/26/22	Various Improvements							
22-05 04/26/22	Various Improvements							
22-08 06/14/22	Public Works Truck							
	\$ 486,722.86	\$ 2,417,861.00	\$ 501,054.38	\$ 352,183.96	\$ 2,799,909.00	\$ 853,484.71	\$ 45,401.93	\$ 874,484.96
								\$ 59,026.56

Analysis of Balance December 31, 2022						
Ord. No.	Ord. Date	Improvement Description	Balance Dec 31, 2021	2022 Authorizations	Notes Paid by Budget Appropriation	Balance Dec 31, 2022
						Financed by Bond Anti- ipation Notes
						Expenditures
						Unexpended Improvement Authori- zations
12-15	06/26/12	Various Improvements	\$ 94,000.00		\$ 47,000.00	\$ 47,000.00
13-12	07/09/13	Various Improvements	31,550.00		10,500.00	21,050.00
14-08	04/08/14	Maple and Mountain Terrace Reconstruction	105,441.00		35,150.00	70,291.00
14-12	06/24/14	James Street Improvements	59,993.00		20,000.00	39,993.00
14-13	06/24/14	Various Improvements	96,215.00		24,060.00	72,155.00
15-10	04/28/15	Various Improvements	137,448.00		27,500.00	109,948.00
15-14	07/14/15	Improvement of Various Roads	67,795.00		13,560.00	54,235.00
16-04	04/12/16	Various Improvements	211,069.00		65,328.00	145,741.00
17-03	05/09/17	Various Improvements	115,666.00		18,530.00	97,136.00
18-03	03/27/18	Sparta Roads and Trails	66,055.00		9,440.00	56,615.00
18-09	05/08/18	Various Improvements	1,133,150.00		141,650.00	991,500.00
19-01	02/12/19	Various Improvements	346,902.00		25,500.00	321,402.00
20-02	01/28/20	Various Improvements	334,625.00		13,000.00	321,625.00
21-07	04/27/21	Purchase of DPW Equipment	26,420.00			26,420.00
21-11	05/25/21	Various Improvements	42,750.00			42,750.00
22-05	04/26/22	Various Improvements		\$ 323,120.00		\$ 36,786.04
			\$ 2,869,079.00	\$ 323,120.00	\$ 451,218.00	\$ 286,333.96
<u>Ref.</u>			C	C		\$ 286,333.96
Improvement Authorizations - Unfunded						
Less: Unexpended Proceeds of Bond Anticipation						
Notes Issued:						
Ordinance # 14-13 \$ 20,953.36						
Ordinance # 16-04 12,371.59						
Ordinance # 17-03 3,399.42						
Ordinance # 18-03 20,900.19						
Ordinance # 18-09 403,289.58						
Ordinance # 19-01 21,898.16						
Ordinance # 20-02 162,362.22						
Ordinance # 21-07 17,048.07						
Ordinance # 21-11 42,750.00						
						704,972.59
						\$ 286,333.96

Capital Improvement Fund	\$ 18,184.78
Reserve to Pay Debt Service	163,890.18
	<hr/>
	\$ 182,074.96

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 26,405.42
Increased by:		
Improvement Authorizations Cancelled	\$ 18,184.78	
Current Fund Budget Appropriation	<u>30,000.00</u>	
		<u>48,184.78</u>
		74,590.20
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>47,992.00</u>
Balance December 31, 2022	C	<u><u>\$ 26,598.20</u></u>

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of				Interest Rate	Balance Dec 31, 2021	Issued	Matured	Balance Dec 31, 2022
		Issue of Original Note	Issue	Maturity						
12-15	Various Improvements	05/30/13	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		\$ 94,000.00	\$ 47,000.00	\$ 94,000.00	\$ 47,000.00
13-12	Various Improvements	05/30/14	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		31,550.00	21,050.00	31,550.00	21,050.00
14-08	Maple and Mountain Terrace	05/30/14	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		105,441.00	70,291.00	105,441.00	70,291.00
14-12	James Street Improvements	05/30/14	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		59,993.00	39,993.00	59,993.00	39,993.00
14-13	Various Improvements	05/28/15	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		96,215.00	72,155.00	96,215.00	72,155.00
15-10	Various Improvements	05/24/16	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		137,448.00	109,948.00	137,448.00	109,948.00
15-14	Improvement of Various Roads	05/24/16	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		67,795.00	54,235.00	67,795.00	54,235.00
16-04	Various Improvements	05/23/17	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		211,069.00	145,741.00	211,069.00	145,741.00
17-03	Various Improvements	05/23/18	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		115,666.00	97,136.00	115,666.00	97,136.00
18-03	Improvement of Sparta Road & Various Trails	05/23/18	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		66,055.00	56,615.00	66,055.00	56,615.00
18-09	Various Improvements	05/21/19	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		1,133,150.00	991,500.00	1,133,150.00	991,500.00
19-01	Various Improvements	05/21/19	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		346,902.00	321,402.00	346,902.00	321,402.00
20-02	Various Improvements	05/19/21	05/19/21 05/06/22	05/19/22 05/05/23	1.00% 1.61%		334,625.00	321,625.00	334,625.00	321,625.00
21-07	Purchase of DPW Equipment	05/06/22	05/06/22	05/05/23	1.61%			26,420.00		26,420.00
21-11	Various Improvements	05/06/22	05/06/22	05/05/23	1.61%			42,750.00		42,750.00
							\$ 2,799,909.00	\$ 2,417,861.00	\$ 2,799,909.00	\$ 2,417,861.00
							C			
							Ref.			
							Renewed	\$ 2,348,691.00	\$ 2,348,691.00	
							New Issues	69,170.00		
							Paid by Budget Appropriation	451,218.00	451,218.00	
								\$ 2,417,861.00	\$ 2,799,909.00	

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Ord. Date	Improvement Description	Balance Dec 31, 2021	2022 Authorizations	Bond Anticipation Notes Issued	Balance Dec 31, 2022
21-07	04/27/21	Purchase of DPW Equipment	\$ 26,420.00		\$ 26,420.00	
21-11	05/25/21	Various Improvements	42,750.00		42,750.00	
22-05	04/26/22	Various Improvements		\$ 323,120.00		\$ 323,120.00
			<u>\$ 69,170.00</u>	<u>\$ 323,120.00</u>	<u>\$ 69,170.00</u>	<u>\$ 323,120.00</u>

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
WATER UTILITY FUND

BOROUGH OF STANHOPE
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2021	D	\$ 564,013.73	\$ 516,556.60
Increased by Receipts:			
Consumer Accounts Receivable - Water Rents	\$	730,484.83	
Water Utility Liens Redeemed		1,556.29	
Interest on Water Rents		10,025.09	
Miscellaneous Revenue		9,517.18	
Water Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund	\$	5,000.00	
Payment of Bond Anticipation Notes		95,000.00	
Bond Anticipation Notes Issued		694,893.00	
Due to/from Water Utility Capital Fund:			
Interest Income		6,004.57	
Due Current Fund		600.00	
		<u>757,587.96</u>	<u>801,497.57</u>
		1,321,601.69	1,318,054.17
Decreased by Disbursements:			
2022 Appropriation Expenditures		663,735.43	
2021 Appropriation Reserves		24,401.14	
Interest on Loans and Notes		20,065.09	
Bond Anticipation Notes Matured			789,893.00
Improvement Authorizations			34,642.50
Due Water Utility Operating Fund:			
Interest Income			6,004.57
		<u>708,201.66</u>	<u>830,540.07</u>
Balance December 31, 2022	D	\$ 613,400.03	\$ 487,514.10

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - UTILITY COLLECTOR
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANTHOPE
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec.31,2022
	Balance/ (Deficit) Dec.31,2021	Bond Anticipation Notes	Budget Appropriations	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	From	To	
Capital Improvement Fund	\$ 47,566.54		\$ 5,000.00				\$ 17,000.00		\$ 35,566.54
Due Water Utility Operating Fund	(600.00)		95,000.00	\$ 6,004.57			95,000.00		
Due Current Fund	22,754.25			600.00					22,754.25
Fund Balance	42,839.70								42,839.70
Reserve for Connection Fees	11,317.52							\$ 30,604.05	41,921.57
Reserve for Payment of Debt Service	20,000.00								20,000.00
Reserve for Future Capital Improvements									
Federal Grants Receivable							677,000.00		(677,000.00)
<u>Ord. No.</u>	<u>General Improvements</u>								
2012-10	Improvement to Water Supply and Distribution System	\$ 10,500.00				\$ 21,100.00		10,600.00	
2012-14	Acquisition of New and Additional Vehicular Equipment	5,250.00				10,650.00		5,400.00	
2012-18	Improvement to Water Supply and Distribution System	7,900.00				15,900.00		8,000.00	
2013-11	Acquisition of New and Additional Equipment	31,500.00			\$ 8,187.50	47,200.00		15,700.00	15,099.13
2014-07	Improvement to Water Supply and Distribution System	21,647.00				32,477.00		10,830.00	
2014-11	Improvement to Water Supply and Distribution System	120,516.00				150,516.00	29,644.03	30,000.00	
2014-14	Various Improvements	17,760.00				24,600.00		6,840.00	
2014-18	Improvement to Water Supply and Distribution System	25,700.00				26,700.00		1,000.00	14,928.92
2015-08	Various Improvements	97,870.00				103,500.00		5,630.00	9,434.97
2018-11	Various Improvements	47,350.00				47,850.00		500.00	21,016.70
2019-02	Various Improvements	72,500.00				73,000.00		500.00	19,960.10
2020-03	Various Improvements	236,400.00			575.00	236,400.00	960.02		79,855.10
2021-15	Improvement to Water Supply and Distribution System								173,017.12
2022-06	Improvement to Water Supply and Distribution System				25,880.00			677,000.00	651,120.00
2022-08	Purchase of Public Works Truck							17,000.00	17,000.00
		\$ 694,893.00	\$ 100,000.00	\$ 6,604.57	\$ 34,642.50	\$ 789,893.00	\$ 819,604.05	\$ 819,604.05	\$ 487,514.10

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 120,575.10
Increased by:		
2022 Water Charges Levied		709,514.95
		<u>830,090.05</u>
Decreased by:		
Collections	\$ 730,484.83	
Transferred to Municipal Utility Lien	<u>744.00</u>	
		<u>731,228.83</u>
Balance December 31, 2022	D	<u>\$ 98,861.22</u>

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY LIENS
YEAR ENDED DECEMBER 31, 2022

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 8,783.30
Increased by:		
Transfer from Consumer Accounts Receivable		744.00
		<u>9,527.30</u>
Decreased by:		
Liens Redeemed		<u>1,556.29</u>
Balance December 31, 2022	D	<u>\$ 7,971.01</u>

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2021	Transferred from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2022
General Plant Equipment	\$ 73,681.46		\$ 73,681.46
Reservoir	19,263.63		19,263.63
Wells and Well House	66,156.02		66,156.02
Pump House	3,587.99		3,587.99
Distribution Mains and Accessories	103,285.91		103,285.91
General Equipment	1,737.20		1,737.20
Hydrants	1,441.55		1,441.55
Water Tank and Fence	53,183.01		53,183.01
Meters	56,557.48		56,557.48
Office Building	3,000.00		3,000.00
Chlorinator	11,618.13		11,618.13
Additional Water Supply	50,000.00		50,000.00
Extension of Water Main	6,000.00		6,000.00
Purchase and Installation of One Hundred Water Meters	8,000.00		8,000.00
Improvement to Reservoirs and Associated Pumping Equipment	5,000.00		5,000.00
Construction of a Well House	250,084.42		250,084.42
Improvement to Water System	1,251,862.34		1,251,862.34
Purchase of DPW Truck	70,069.07		70,069.07
Purchase of Storage Shed	3,000.00		3,000.00
Fencing at Well #2	4,300.00		4,300.00
Installation of Gate Closing Equipment	1,500.00		1,500.00
Improvement to Water System	1,107,397.91		1,107,397.91
Dump Truck	4,974.00		4,974.00
Computer Equipment	5,500.00		5,500.00
Water Meter Reader	118,606.50		118,606.50
Improvement to Water System	756,960.00		756,960.00
Purchase of DPW Backhoe	28,000.00		28,000.00
Purchase of Dump Truck	33,000.00		33,000.00
Backhoe Hammer Attachment	13,575.00		13,575.00
Improvement to Water Tower	30,000.00		30,000.00
Purchase and Installation of New Generator	74,102.22		74,102.22
Purchase Radio Read/Touchpads	20,960.00		20,960.00
Preliminary Engineering for Phase I Water System Improvements	82,033.30		82,033.30
Improvement to Water Supply and Distribution System	98,576.10		98,576.10
Reconstruction of Roadway Pavements	26,364.65		26,364.65
Improvement to Water Supply and Distribution System	2,300,000.00	\$ 226,355.97	2,526,355.97
	<u>\$ 6,743,377.89</u>	<u>\$ 226,355.97</u>	<u>\$ 6,969,733.86</u>

D

D

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	No.	Ordinance Date	Amount	Balance Dec.31, 2021	2022 Authorizations	Costs to Fixed Capital	Authori- zations Cancelled	Balance Dec.31, 2022
Acquisition of New and Additional Equipment	2013-11	07/09/13	\$ 140,000.00	\$ 140,000.00				\$ 140,000.00
Improvement to Water Supply and Distribution System	2014-11	06/24/14	265,000.00	256,000.00		\$ 226,355.97	\$ 29,644.03	
Improvement to Water Supply and Distribution System	2014-18	08/26/14	112,527.12	112,527.12				112,527.12
Various Improvements	2015-08	04/28/15	128,000.00	122,432.48				122,432.48
Water Supply and Distribution System	2018-11	05/09/17	54,850.00	54,850.00				54,850.00
Various Improvements	2019-02	02/19/19	82,000.00	82,000.00				82,000.00
Various Improvements	2020-03	01/28/20	236,400.00	236,400.00			960.02	235,439.98
Improvement to Water Supply and Distribution System	2021-15	11/09/21	173,017.12	173,017.12				173,017.12
Improvement to Water Supply and Distribution System	2022-06	05/10/22	687,540.00		\$ 687,540.00			687,540.00
Purchase of Public Works Truck	2022-08	06/28/22	17,000.00		17,000.00			17,000.00
				<u>\$ 1,177,226.72</u>	<u>\$ 704,540.00</u>	<u>\$ 226,355.97</u>	<u>\$ 30,604.05</u>	<u>\$ 1,624,806.70</u>
		<u>Ref.</u>		D				D

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022

	Balance Dec. 31, 2021	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 18,590.24	\$ 18,590.24		\$ 18,590.24
Other Expenses	110,504.92	110,504.92	\$ 24,401.14	86,103.78
Capital Improvements:				
Capital Outlay	5,000.00	5,000.00		5,000.00
Deferred Charges and Statutory Expenditures:				
Social Security System (O.A.S.I.)	1,525.67	1,525.67		1,525.67
	<u>\$ 135,620.83</u>	<u>\$ 135,620.83</u>	<u>\$ 24,401.14</u>	<u>\$ 111,219.69</u>

Ref.

D

Analysis of Balance December 31, 2021

	<u>Ref.</u>	
Unencumbered	D	\$ 122,555.32
Encumbered	D	<u>13,065.51</u>
		<u>\$ 135,620.83</u>

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2021		2022 Authorizations				Deferred Charges to Future Revenue	Paid or Charged	Authori- zations Cancelled	Balance Dec. 31, 2022	
		Date	Amount	Funded	Unfunded	Other Sources	Capital Improvement Fund	Funded	Unfunded					
2013-11	Acquisition of New and Additional Equipment	07/09/13	\$140,000.00		\$ 23,286.63					\$ 8,187.50			\$ 15,099.13	
2014-11	Improvement to Water Supply and Distribution System	06/24/14	256,000.00		29,644.03						\$ 29,644.03			
2014-18	Improvement to Water Supply and Distribution System	08/26/14	112,527.12		14,928.92								14,928.92	
2015-08	Various Improvements	04/28/15	128,000.00		9,434.97								9,434.97	
2018-11	Water Supply and Distribution System	05/8/18	54,850.00		21,016.70								21,016.70	
2019-02	Various Improvements	02/19/19	82,000.00		19,960.10								19,960.10	
2020-03	Various Improvements	01/28/20	236,400.00		81,390.12					575.00	960.02		79,855.10	
2021-15	Improvement to Water Supply and Distribution System	11/09/21	173,017.12	\$ 173,017.12								\$ 173,017.12		
2022-06	Improvement to Water Supply and Distribution System	05/10/22	687,540.00			\$677,000.00			\$10,540.00	25,880.00		651,120.00	10,540.00	
2022-08	Purchase of Public Works Truck	06/28/22	17,000.00				\$ 17,000.00					17,000.00		
				\$ 173,017.12	\$ 199,661.47	\$677,000.00	\$ 17,000.00		\$10,540.00	\$ 34,642.50	\$ 30,604.05	\$841,137.12	\$ 170,834.92	
		<u>Ref.</u>		D	D						D	D	D	
		Congressional Community Funded Projects Grant				\$677,000.00								
						Reserve to Pay Debt Service						\$ 30,604.05		

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 47,566.54
Increased by:		
Due from Water Utility Operating Fund -		
2022 Budget Appropriation		<u>5,000.00</u> 52,566.54
Decreased by:		
Appropriated to Finance Improvement		
Authorizations		<u>17,000.00</u>
Balance December 31, 2022	D	<u><u>\$ 35,566.54</u></u>

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 5,854,990.52
Increased by:		
Paid by Water Utility Operating Budget:		
Bond Anticipation Notes		\$ 94,000.00
NJ Environmental Infrastructure Loan #1		60,877.11
NJ Environmental Infrastructure Loan #2		24,927.85
		<u>179,804.96</u>
		6,034,795.48
Decreased by:		
Authorization Cancelled		<u>30,604.05</u>
Balance December 31, 2022	D	<u><u>\$ 6,004,191.43</u></u>

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec.31, 2021</u>	<u>2022 Authorizations</u>	<u>Funded by Budget Appropriation</u>	<u>Balance Dec.31, 2022</u>
2018-11	Water Supply and Distribution System	05/21/19	\$ 7,000.00		\$ 500.00	\$ 7,500.00
2019-02	Various Improvements	05/21/19	9,000.00		500.00	9,500.00
2021-15	Improvement to Water Supply and Distribution System	11/09/21	173,017.12			173,017.12
2022-06	Improvement to Water Supply and Distribution System	05/10/22		\$ 677,000.00		677,000.00
2022-08	Purchase of Public Works Truck	06/28/22		17,000.00		17,000.00
			<u>\$189,017.12</u>	<u>\$ 694,000.00</u>	<u>\$ 1,000.00</u>	<u>\$884,017.12</u>
		<u>Ref.</u>	D			D

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of		Interest Rate	Balance Dec. 31, 2021	Issued	Matured	Balance Dec. 31, 2022
		Issue of Original Note	Issue					
2012-10	Improvement to Water Supply and Distribution System	05/31/13	05/19/21 05/06/22	1.000% 1.610%	\$ 21,100.00	\$ 10,500.00	\$ 21,100.00	\$ 10,500.00
2012-14	Acquisition of New and Additional Vehicular Equipment	05/31/13	05/19/21 05/06/22	1.000% 1.610%	10,650.00	5,250.00	10,650.00	5,250.00
2012-18	Improvement to Water Supply and Distribution System	05/31/13	05/19/21 05/06/22	1.000% 1.610%	15,900.00	7,900.00	15,900.00	7,900.00
2013-11	Acquisition of New and Additional Equipment	05/30/14	05/19/21 05/06/22	1.000% 1.610%	47,200.00	31,500.00	47,200.00	31,500.00
2014-07	Improvement to Water Supply and Distribution System	05/30/14	05/19/21 05/06/22	1.000% 1.610%	32,477.00	21,647.00	32,477.00	21,647.00
2014-11	Improvement to Water Supply and Distribution System	05/28/15	05/19/21 05/06/22	1.000% 1.610%	150,516.00	120,516.00	150,516.00	120,516.00
2014-14	Various Improvements	05/28/15	05/19/21 05/06/22	1.000% 1.610%	24,600.00	17,760.00	24,600.00	17,760.00
2014-18	Improvement to Water Supply and Distribution System	05/30/14	05/19/21 05/06/22	1.000% 1.610%	26,700.00	25,700.00	26,700.00	25,700.00
2015-08	Various Improvements	05/24/16	05/19/21 05/06/22	1.000% 1.610%	103,500.00	97,870.00	103,500.00	97,870.00
2018-11	Water Supply and Distribution System	05/21/19	05/19/21 05/06/22	1.000% 1.610%	47,850.00	47,350.00	47,850.00	47,350.00
2019-02	Various Improvements	05/21/19	05/19/21 05/06/22	1.000% 1.610%	73,000.00	72,500.00	73,000.00	72,500.00
2020-03	Various Improvements	05/19/21	05/19/21 05/06/22	1.000% 1.610%	236,400.00	236,400.00	236,400.00	236,400.00
					<u>\$ 789,893.00</u>	<u>\$ 694,893.00</u>	<u>\$ 789,893.00</u>	<u>\$ 694,893.00</u>
					Ref.	D		
					Renewed	\$ 694,893.00	\$ 694,893.00	
					Paid by Budget Appropriation	95,000.00	95,000.00	
						<u>\$ 694,893.00</u>	<u>\$ 789,893.00</u>	

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #1

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 765,525.49
Decreased by:		
Principal Matured		<u>60,877.11</u>
Balance December 31, 2022	D	<u>\$ 704,648.38</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2022
Trust Loan - 2014 Issue

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 200,000.00
15	02/01/23		\$ 3,337.50	200,000.00
16	08/01/23	\$ 15,000.00	3,337.50	185,000.00
17	02/01/24		2,962.50	185,000.00
18	08/01/24	15,000.00	2,962.50	170,000.00
19	02/01/25		2,587.50	170,000.00
20	08/01/25	15,000.00	2,587.50	155,000.00
21	02/01/26		2,362.50	155,000.00
22	08/01/26	15,000.00	2,362.50	140,000.00
23	02/01/27		2,137.50	140,000.00
24	08/01/27	20,000.00	2,137.50	120,000.00
25	02/01/28		1,837.50	120,000.00
26	08/01/28	20,000.00	1,837.50	100,000.00
27	02/01/29		1,537.50	100,000.00
28	08/01/29	20,000.00	1,537.50	80,000.00
29	02/01/30		1,237.50	80,000.00
30	08/01/30	20,000.00	1,237.50	60,000.00
31	02/01/31		937.50	60,000.00
32	08/01/31	20,000.00	937.50	40,000.00
33	02/01/32		637.50	40,000.00
34	08/01/32	20,000.00	637.50	20,000.00
35	02/01/33		325.00	20,000.00
36	08/01/33	20,000.00	325.00	
		<u>\$ 200,000.00</u>	<u>\$ 39,800.00</u>	

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #1
(Continued)

Schedule of Principal Payments Outstanding December 31, 2022
Fund Loan - 2014 Issue

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Loan Balance</u>
			\$ 504,648.38
15	02/01/23	\$ 15,292.37	489,356.01
16	08/01/23	30,584.74	458,771.27
17	02/01/24	15,292.37	443,478.90
18	08/01/24	30,584.74	412,894.16
19	02/01/25	15,292.37	397,601.79
20	08/01/25	30,584.74	367,017.05
21	02/01/26	15,292.37	351,724.68
22	08/01/26	30,584.74	321,139.94
23	02/01/27	15,292.37	305,847.57
24	08/01/27	30,584.74	275,262.83
25	02/01/28	15,292.37	259,970.46
26	08/01/28	30,584.74	229,385.72
27	02/01/29	15,292.37	214,093.35
28	08/01/29	30,584.74	183,508.61
29	02/01/30	15,292.37	168,216.24
30	08/01/30	30,584.74	137,631.50
31	02/01/31	15,292.37	122,339.13
32	08/01/31	30,584.74	91,754.39
33	02/01/32	15,292.37	76,462.02
34	08/01/32	30,584.74	45,877.28
35	02/01/33	15,292.37	30,584.91
36	08/01/33	30,584.91	
		<u>\$ 504,648.38</u>	

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #2

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 321,178.48
Decreased by:		<u>24,927.85</u>
Principal Matured	D	<u>\$ 296,250.63</u>
Balance December 31, 2022		

Schedule of Principal and Interest Payments Outstanding December 31, 2022

Trust Loan - 2014 Issue

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 156,420.00
15	02/01/23		\$ 2,248.54	156,420.00
16	08/01/23	\$ 12,460.00	2,248.54	143,960.00
17	02/01/24		2,113.97	143,960.00
18	08/01/24	12,729.00	2,113.97	131,231.00
19	02/01/25		1,967.59	131,231.00
20	08/01/25	13,022.00	1,967.59	118,209.00
21	02/01/26		1,808.07	118,209.00
22	08/01/26	13,341.00	1,808.07	104,868.00
23	02/01/27		1,631.30	104,868.00
24	08/01/27	13,695.00	1,631.30	91,173.00
25	02/01/28		1,439.57	91,173.00
26	08/01/28	14,078.00	1,439.57	77,095.00
27	02/01/29		1,235.44	77,095.00
28	08/01/29	14,486.00	1,235.55	62,609.00
29	02/01/30		1,014.53	62,609.00
30	08/01/30	14,928.00	1,014.53	47,681.00
31	02/01/31		783.14	47,681.00
32	08/01/31	15,391.00	783.14	32,290.00
33	02/01/32		536.89	32,290.00
34	08/01/32	15,883.00	536.89	16,407.00
35	02/01/33		274.82	16,407.00
36	08/01/33	16,407.00	274.82	
		<u>\$ 156,420.00</u>	<u>\$ 30,107.83</u>	

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #2
(Continued)

Schedule of Principal Payments Outstanding December 31, 2022
Fund Loan - 2014 Issue

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Loan Balance</u>
			\$ 139,830.63
15	02/01/23	\$ 4,237.28	135,593.35
16	08/01/23	8,474.57	127,118.78
17	02/01/24	4,237.28	122,881.50
18	08/01/24	8,474.57	114,406.93
19	02/01/25	4,237.28	110,169.65
20	08/01/25	8,474.57	101,695.08
21	02/01/26	4,237.28	97,457.80
22	08/01/26	8,474.57	88,983.23
23	02/01/27	4,237.28	84,745.95
24	08/01/27	8,474.57	76,271.38
25	02/01/28	4,237.28	72,034.10
26	08/01/28	8,474.57	63,559.53
27	02/01/29	4,237.28	59,322.25
28	08/01/29	8,474.57	50,847.68
29	02/01/30	4,237.28	46,610.40
30	08/01/30	8,474.57	38,135.83
31	02/01/31	4,237.28	33,898.55
32	08/01/31	8,474.57	25,423.98
33	02/01/32	4,237.28	21,186.70
34	08/01/32	8,474.57	12,712.13
35	02/01/33	4,237.28	8,474.85
36	08/01/33	8,474.85	
		<u>\$ 139,830.63</u>	

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec.31, 2021</u>	<u>2022 Authori- zations</u>	<u>Balance Dec.31, 2022</u>
2022-06	05/10/22	Improvement to Water Supply and Distribution System		\$ 10,540.00	\$ 10,540.00
			<u>\$ -0-</u>	<u>\$ 10,540.00</u>	<u>\$ 10,540.00</u>

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2022
SEWER UTILITY FUND

BOROUGH OF STANHOPE
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2021	E	\$ 1,125,766.19	\$ 510,723.83
Increased by Receipts:			
Consumer Accounts Receivable - Sewer Rents		\$ 861,079.81	
Interest on Sewer Rents		7,613.84	
Interest on Investments and Deposits		9,957.92	
Sewer Utility Liens Redeemed		1,941.78	
Sewer Connection Fees		20,000.00	
Sewer Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund			\$ 5,000.00
Payment of Bond Anticipation Notes			74,000.00
Bond Anticipation Notes Issued			510,925.00
Due from Sewer Utility Capital Fund		7,198.33	
Due to Sewer Utility Operating Fund:			
Interest Income			7,198.33
		<u>907,791.68</u>	<u>597,123.33</u>
		2,033,557.87	1,107,847.16
Decreased by Disbursements:			
2022 Appropriation Expenditures		846,320.84	
2021 Appropriation Reserves		5,177.70	
Interest on Notes		5,849.27	
Bond Anticipation Notes Matured			584,925.00
Due Current Fund - Prior Year Interfund Returned		197,800.00	
Due to Sewer Utility Operating Fund			7,198.33
		<u>1,055,147.81</u>	<u>592,123.33</u>
Balance December 31, 2022	E	\$ 978,410.06	\$ 515,723.83

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - UTILITY COLLECTOR
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 135,603.09
Increased by:		
2022 Sewer Charges Levied		854,812.50
		<u>990,415.59</u>
Decreased by:		
Collections		861,079.81
		<u>861,079.81</u>
Balance December 31, 2022	E	<u>\$ 129,335.78</u>

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER UTILITY LIENS
YEAR ENDED DECEMBER 31, 2022

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 4,644.41
Decreased by:		
Liens Redeemed		1,941.78
		<u>1,941.78</u>
Balance December 31, 2022	E	<u>\$ 2,702.63</u>

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Additions</u> <u>by Ordinance</u>	<u>Balance</u> <u>Dec 31, 2022</u>
Sanitary Sewer System Ordinances: Sanitary Sewerage Collection System	\$ 1,116,217.74		\$ 1,116,217.74
Improvement to Sanitary Sewerage Collection System	2,549,240.90		2,549,240.90
Purchase New Sewer Equipment	8,500.00		8,500.00
Sewer System Extension Work	35,000.00		35,000.00
Purchase of Storage Shed	3,000.00		3,000.00
Purchase and Installation of Gate Closing Equipment	2,500.00		2,500.00
Improvement of Sewer System	591,427.54		591,427.54
Computer Equipment	5,500.00		5,500.00
Purchase of Sewer Equipment	17,228.93		17,228.93
Purchase of Various Vehicles	202,013.38		202,013.38
Acquisition of Sewer Cameras	85,000.00		85,000.00
Purchase of Backhoe Pallet Attachment	2,500.00		2,500.00
Purchase and Installation of New Generator	32,104.30		32,104.30
Purchase of Radio Read Units and Touchpads	40,000.00		40,000.00
Acquisition of New and Additional Equipment		\$ 104,573.28	104,573.28
Acquisition of New and Additional Vehicular Equipment		<u>28,078.39</u>	<u>28,078.39</u>
	<u>\$ 4,690,232.79</u>	<u>\$ 132,651.67</u>	<u>\$ 4,822,884.46</u>

Ref.

E

E

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Balance Dec 31, 2021	2022 Authori- zations	Costs to Fixed Capital	Authorizations Cancelled	Balance Dec 31, 2022
	No.	Date					
Improvement of the Sanitary Sewerage System	12-16	6/26/12	\$ 60,000.00	\$ 60,000.00			\$ 60,000.00
Acquisition of New and Additional Equipment	13-10	7/9/13	105,000.00	105,000.00	\$ 104,573.28	\$ 426.72	
Various Improvements	18-10	5/8/18	688,525.00	671,982.03			671,982.03
Various Improvements	19-03	2/19/19	38,000.00	38,000.00			38,000.00
Acquisition of New and Additional Vehicular Equipment	20-01	1/28/20	28,400.00	28,400.00	28,078.39	321.61	
Public Works Truck	22-08	6/8/22	17,000.00	\$ 17,000.00			17,000.00
			<u>\$ 903,382.03</u>	<u>\$ 17,000.00</u>	<u>\$ 132,651.67</u>	<u>\$ 748.33</u>	<u>\$ 786,982.03</u>
	<u>Ref.</u>		E				E

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 16,336.55	\$ 16,336.55		\$ 16,336.55
Other Expenses	88,550.22	88,550.22	\$ 5,177.70	83,372.52
Capital Improvements:				
Capital Outlay	950.00	950.00		950.00
Deferred Charges and Statutory				
Expenditures:				
Social Security System (O.A.S.I.)	1,265.51	1,265.51		1,265.51
	<u>\$ 107,102.28</u>	<u>\$ 107,102.28</u>	<u>\$ 5,177.70</u>	<u>\$ 101,924.58</u>

Analysis of Balance December 31, 2021

	<u>Ref.</u>	
Unencumbered	E	\$ 103,175.05
Encumbered	E	<u>3,927.23</u>
		<u>\$ 107,102.28</u>

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2021		Capital Improvement Fund	Authori- zations Cancelled	2022 Authorizations	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
12-16	Improvement of Sanitary Sewerage System	6/26/12	\$ 60,000.00	\$ 3,686.19				\$ 3,686.19	
13-10	Acquisition of New and Additional Equipment	7/9/13	105,000.00	426.72			\$ 426.72		
18-10	Various Improvements	5/8/18	688,525.00		\$ 21,117.90				\$ 21,117.90
19-03	Various Improvements	2/19/19	38,000.00		19,913.10				19,913.10
20-01	Acquisition of New and Additional Vehicular Equipment	1/28/20	28,400.00		321.61		321.61		
22-08	Public Works Truck	6/28/22	17,000.00			\$ 17,000.00		17,000.00	
				<u>\$ 4,112.91</u>	<u>\$ 41,352.61</u>	<u>\$ 17,000.00</u>	<u>\$ 748.33</u>	<u>\$ 20,686.19</u>	<u>\$ 41,031.00</u>
				E	E			E	E
				<u>Ref.</u>					
				Reserve to Pay Debt Service		Fund Balance			

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 37,589.68
Increased by:		
Due from Sewer Utility Operating Fund - 2022 Budget Appropriation		<div style="text-align: right;">5,000.00</div> <hr/> 42,589.68
Decreased by:		
Appropriated to Finance Improvement Authorizations		<div style="text-align: right;">17,000.00</div> <hr/>
Balance December 31, 2022	E	<div style="text-align: right;">\$ 25,589.68</div> <hr/> <hr/>

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 4,750,232.79
Increased by:		
Paid by Sewer Utility Operating Budget:		
Bond Anticipation Notes	\$ 2,500.00	
Transfer from Deferred Reserve for Amortization	<u>104,573.28</u>	
		<u>107,073.28</u>
		4,857,306.07
Decreased by:		
Authorizations Cancelled		<u>321.61</u>
Balance December 31, 2022	E	<u><u>\$ 4,856,984.46</u></u>

BOROUGH OF STANHOPE
 SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec 31, 2021	2022 Authorizations	Funded by Budget Appropriation	Reserve for Amortization	Authorizations Cancelled	Balance Dec 31, 2022
13-10	Acquisition of New and Additional Equipment	7/9/2013	\$ 105,000.00			\$ 104,573.28	\$ 426.72	
18-10	Various Improvements	5/8/2018	146,157.03		\$ 67,660.00			\$ 213,817.03
19-03	Various Improvements	2/19/2019	7,300.00		3,840.00			11,140.00
22-08	Public Works Truck	6/28/2022		\$ 17,000.00				17,000.00
			<u>\$ 258,457.03</u>	<u>\$ 17,000.00</u>	<u>\$ 71,500.00</u>	<u>\$ 104,573.28</u>	<u>\$ 426.72</u>	<u>\$ 241,957.03</u>
		<u>Ref.</u>	E					E

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord, No.	Improvement Description	Issue of Original Note	Date of		Maturity	Interest Rate	Balance Dec 31, 2021	Issued	Matured	Balance Dec 31, 2022
			Issue							
18-10	Various Improvements	5/21/2019	5/19/2021 5/6/2022		5/19/2022 5/5/2023	1.000% 1.610%	\$ 525,825.00	\$ 458,165.00	\$ 525,825.00	\$ 458,165.00
19-03	Various Improvements	5/21/2019	5/19/2021 5/6/2022		5/19/2022 5/5/2023	1.000% 1.610%	30,700.00	26,860.00	30,700.00	26,860.00
20-01	Acquisition of Vehicular Equipment	5/19/2021	5/19/2021 5/6/2022		5/19/2022 5/5/2023	1.000% 1.610%	28,400.00	25,900.00	28,400.00	25,900.00
							<u>\$ 584,925.00</u>	<u>\$ 510,925.00</u>	<u>\$ 584,925.00</u>	<u>\$ 510,925.00</u>
							<u>E</u>	<u>Ref.</u>	<u>E</u>	<u>E</u>
							Renewed	\$ 510,925.00	\$ 510,925.00	
							Paid by Budget Appropriation	74,000.00	74,000.00	
							\$ 510,925.00	\$ 584,925.00	\$ 584,925.00	

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF STANHOPE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2022

BOROUGH OF STANHOPE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Agency or Department / Cluster Title	Name of Program	Assistance Listing Number	Project Number/ State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amount Provided to Subrecipients
				From	To					
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - F.E.M.A - Tropical Storm Isaias	97.036	100-066-1200-C73-069820	08/04/20	12/31/22	\$ 6,166.03	\$ 1,027.67	\$ 1,027.67 *	\$ 6,166.03	
	Disaster Grants - Public Assistance - F.E.M.A - Winter Storm Orlena	97.036	100-066-1200-C80-066290	01/01/21	12/31/22	29,429.06	4,904.84	4,904.84 *	29,429.06	
	Total Department of Homeland Security									
U.S. Department of Transportation (Highway Planning and Construction Cluster Passed through New Jersey Department of Transportation)	Sparta Roads and Trails	20.205	N/A	01/01/18	12/31/22	825,000.00		272,705.96	825,000.00	
	Sparta Roads and Trails	20.205	N/A	01/01/21	12/31/22	118,593.00		2,878.02	107,769.02	
	Total Department of Transportation / Highway Planning and Construction Cluster									
U.S. Department of Housing and Urban Development	Congressional Community Funded Projects Grant	14.251	N/A	01/01/22	12/31/25	677,000.00		25,880.00	25,880.00	
	Total Department of Housing and Urban Development									
U.S. Department of Treasury (Passed through New Jersey Department of Community Affairs)	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	100-022-8030-687-046010	03/03/21	12/31/24	346,034.24	173,017.12			
	Total Department of Treasury									
Total Federal Awards							\$ 178,949.63	\$ 307,396.49	\$ 994,244.11	\$ -0-

N/A - Not Applicable/Not Available

* - Expended in a Prior Year.

BOROUGH OF STANHOPE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2022

Name of State Agency or Department	Name of Program	Program No./ State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Law and Public Safety	Safe and Secure Communities Program	100-066-1020-	01/01/21	12/31/23	\$ 19,650.00	\$ 7,500.00		
		232-YCJF-6120	01/01/22	12/31/23	16,200.00	3,975.00	\$ 16,200.00	\$ 16,200.00
						11,475.00	16,200.00	16,200.00
	Drunk Driving Enforcement Fund	100-078-6400-	01/01/12	12/31/22	2,127.06		511.94	2,127.06
YYYY		01/01/13	12/31/23	1,900.05		86.06	86.06	
						598.00	2,213.12	
Body Armor Replacement Fund	Body Armor Replacement Fund	718-066-1020-001	01/01/22	12/31/23	826.82	826.82		
		YCJF-6120	01/01/23	12/31/23	983.46	983.46		
						1,810.28		
NJ Statewide Body Worn Camera Program	NJ Statewide Body Worn Camera Program	100-066-1020-	01/01/21	12/31/23	18,342.00			
		495-092120					5,901.56	18,144.45
						5,901.56	18,144.45	
						13,285.28	22,699.56	36,557.57
Total Department of Law and Public Safety	Clean Communities Program	765-042-4900	01/01/19	12/31/23	8,286.30		3,682.92	7,920.38
		004-V42Y-6020	01/01/22	12/31/23	8,079.33	8,079.33	351.30	351.30
						8,079.33	4,034.22	8,271.68
Department of Environmental Protection	Recycling Tonnage Grant	752-042-4900-	01/01/20	12/31/23	8,392.86		7,494.72	8,392.86
		001-V42Y-6020	01/01/22	12/31/23	8,938.14	8,938.14	8,938.14	8,938.14
						8,938.14	16,432.86	17,331.00
						17,017.47	20,467.08	25,602.68
Total Department of Environmental Protection	Paving of Kelly Place, Waterloo Road and Furnace Street	480-078-6320-	01/01/21	12/31/23	249,000.00		233,234.76	248,916.96
		AN8-606280						
	Paving of Valley Road, Delaware Road and Elizabeth Avenue	480-078-6320-	01/01/22	12/31/23	181,200.00		181,200.00	181,200.00
		AM2-605178					414,434.76	430,116.96
Total State Awards	Total Department of Transportation							

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF STANHOPE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2022

Note A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Borough of Stanhope under programs of the federal and state governments for the year ended December 31, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note D. STATE LOANS OUTSTANDING

The Borough of Stanhope has the following loans outstanding as of December 31, 2022:

NJ Environmental Infrastructure Loan Payable #1	\$ 704,648.38
NJ Environmental Infrastructure Loan Payable #2	296,250.63
	<u>\$ 1,000,899.01</u>

The project which relates to the loans is complete and the Borough is in the process of repaying the loan balance.



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Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
Independent Auditors' Report

The Honorable Mayor and Members
 of the Borough Council
 Borough of Stanhope
 Stanhope, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), 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* - of the various funds of the Borough of Stanhope, in the County of Sussex (the "Borough") as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements and have issued our report thereon dated March 24, 2023. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 Borough'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2022-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Borough Council
Borough of Stanhope
Stanhope, New Jersey
Page 2

Report on Compliance and Other Matters

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

The Borough's Response to the Finding

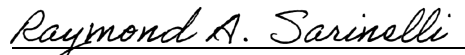
Government Auditing Standards requires the auditor to perform limited procedures on the Borough's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
March 24, 2023

NISIVOCCIA LLP


Raymond A. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 563

BOROUGH OF STANHOPE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for 2022 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2022-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger including recording cash receipts and disbursements for the various funds as well as the preparation of payroll are performed by one person with limited oversight review.

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

BOROUGH OF STANHOPE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2022-001
Segregation of Duties

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation:

The Borough maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.

Management's Response:

The Borough's segregation of duties finding has been evaluated. However, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold.

BOROUGH OF STANHOPE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

The Borough's one finding 2021-001 noted during 2021 regarding segregation of duties was not resolved due to budgetary constraints during 2022 and is reported in schedule of findings and responses as finding 2022-001.

BOROUGH OF STANHOPE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Borough of Stanhope 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 violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

On January 4, 2022, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500.00 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500.00. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000 at December 31.

It appears from an examination of the Tax Collector's and the Utility Collector's records on a test basis that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 28, 2022 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2022	12
2021	13
2020	15

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

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough currently complies with the accounting requirements.

BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

Stanhope Municipal Court is served by another municipality as a Shared Municipal Court. The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2022.

	Balance Dec. 31, 2021	Receipts	Dis- bursements	Balance Dec. 31, 2022
Municipal Treasurer:				
Fines and Costs	\$ 3,182.92	\$ 38,707.24	\$ 41,574.85	\$ 315.31
County Treasurer	1,507.00	20,019.50	20,857.00	669.50
State Treasurer	2,225.88	24,005.24	25,461.31	769.81
Parking Offense Adjudication Act	6.00	20.00	22.00	4.00
Public Defender		900.00	900.00	
Weights and Measures		8,077.00	6,563.00	1,514.00
Fish and Game		275.00	275.00	
Conditional Discharge		108.00	38.00	70.00
Conditional Dismissal	5.00		5.00	
Transcript Fee		125.00	125.00	
Cash Bail	100.00	7,250.00	7,300.00	50.00
	<u>\$ 7,026.80</u>	<u>\$ 99,486.98</u>	<u>\$ 103,121.16</u>	<u>\$ 3,392.62</u>

Federal and State Grants

The Chief Financial Officer has made a great effort over the last couple of years to continually review grant balances, however there still remains a number of appropriated grant reserves in the Current Fund as of December 31, 2022. It appears as though some of these awards may have exceeded the designated grant period under the terms of the original grant agreement. The Borough also has large receivables from the New Jersey Department of Transportation and the Federal Transportation Alternative Grant. It is recommended that the Borough continue to review and determine if appropriated grant balances, and offsetting receivables should be cancelled or expended and the collection of receivables be pursued.

Management Response

The Chief Financial Officer will continue to review and evaluate what action can be taken relative to grant balances.

BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, is effective for the year ended December 31, 2023. This statement addresses issues related to public-private and public-public partnership agreements (PPP's). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APA's). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset or a period of time.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA's), is effective for the year ended December 31, 2023. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor) information technology software, alone or in combination with tangible capital assets as specified in the related contract for a period of time. It is likely that a SBITA software or similar spreadsheets will need to be utilized to perform the various calculations necessary to implement this standard.

COVID-19 Federal Funding

It is possible that the Borough will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Borough ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Borough ensures that these funds are separately accounted for in the Borough's accounting records and that any applicable Borough policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

Corrective Action Plan

Recommendations #1 and #2 from the 2021 Audit Report have not been resolved and are included in the current year recommendations and are in the process of being implemented, where possible.

BOROUGH OF STANHOPE
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Borough maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.
2. The Borough continue to review and determine if appropriated grant balances, and offsetting receivables should be cancelled or expended and the collection of receivables be pursued.

* * * * *