

*BOROUGH OF BRANCHVILLE*

*COUNTY OF SUSSEX*

*REPORT OF AUDIT*

*2022*

*NISIVOCCIA, LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF BRANCHVILLE

COUNTY OF SUSSEX

REPORT OF AUDIT

2022

BOROUGH OF BRANCHVILLE  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2022

<u>Part I – Financial Statements and Supplementary Data</u>	<u>Page</u>
Independent Auditors' Report	1-3
<u>Financial Statements</u>	
<u>Current Fund</u>	<u>Exhibit</u>
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenue – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet – Regulatory Basis	B
Statement of Fund Balance – Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-1
Statement of Revenue – Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-2
Statement of Expenditures – Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-3
<u>General Capital Fund</u>	
Comparative Balance Sheet – Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Water Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	D
Comparative Statement of Operations and Change in Fund Balance – Water Utility Operating Fund – Regulatory Basis	D-1
Statement of Fund Balance – Water Utility Capital Fund – Regulatory Basis	D-1A
Statement of Revenue – Water Utility Operating Fund – Regulatory Basis	D-2
Statement of Expenditures – Water Utility Operating Fund – Regulatory Basis	D-3
<u>Sewer Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	E
Comparative Statement of Operations and Change in Fund Balance - Sewer Utility Operating Fund – Regulatory Basis	E-1
Statement of Fund Balance – Sewer Utility Capital Fund – Regulatory Basis (Not Applicable)	E-1A
Statement of Revenue – Sewer Utility Operating Fund – Regulatory Basis	E-2
Statement of Expenditures – Sewer Utility Operating Fund – Regulatory Basis	E-3
<u>Public Assistance Fund</u>	
Comparative Balance Sheet	F
<u>Bond and Interest Fund (Not Applicable)</u>	
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet – Regulatory Basis	H
	<u>Page</u>
<u>Notes to Financial Statements</u>	1-24
<u>Supplementary Data</u>	<u>Schedule</u>
Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash – Treasurer	A-4
Schedule of Cash – Collector (Not Applicable)	A-5
Schedule of Cash – Grant Funds (Not Applicable)	A-5a
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6
Schedule of Tax Title Liens	A-7
Schedule of Revenue Accounts Receivable	A-8
Schedule of Grants Receivable - Federal and State Grant Fund	A-9
Schedule of 2021 Appropriation Reserves	A-10
Schedule of Local School District Taxes Payable	A-11

BOROUGH OF BRANCHVILLE  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2022  
(Continued)

<u>Part I – Financial Statements and Supplementary Data (Cont'd)</u>	<u>Schedule</u>
<u>Supplementary Data (Cont'd)</u>	
<u>Current Fund (Cont'd)</u>	
Schedule of Regional High School District Taxes Payable	A-12
Schedule of Appropriated Reserves – Federal and State Grant Fund	A-13
Schedule of Unappropriated Reserves – Federal and State Grant Fund	A-14
<u>Trust Funds</u>	
Schedule of Cash and Investments – Treasurer	B-4
Schedule of Animal Control Fund Cash – Collector (Not Applicable)	B-4a
Analysis of Cash – Assessment Trust Fund (Not Applicable)	B-5
Schedule of Reserve for Animal Control Fund Expenditures	B-6
<u>General Capital Fund</u>	
Schedule of Cash – Treasurer	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation – Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable (Not Applicable)	C-7
Schedule of General Serial Bonds Payable (Not Applicable)	C-8
Schedule of Bonds and Notes Authorized but not Issued	C-9
<u>Water Utility Fund</u>	
Schedule of Cash – Treasurer – Water Utility Fund	D-4
Schedule of Cash – Collector – Water Utility Operating Fund (Not Applicable)	D-4a
Analysis of Water Capital Cash – Water Utility Capital Fund	D-5
Schedule of Consumer Accounts Receivable – Water Utility Operating Fund	D-6
Schedule of Fixed Capital – Water Utility Capital Fund	D-7
Schedule of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	D-8
Schedule of 2021 Appropriation Reserves – Water Utility Operating Fund	D-9
Schedule of Improvement Authorizations – Water Utility Capital Fund	D-10
Schedule of Capital Improvement Fund – Water Utility Capital Fund	D-11
Schedule of Reserve for Amortization – Water Utility Capital Fund	D-12
Schedule of Deferred Reserve for Amortization – Water Utility Capital Fund	D-13
Schedule of Water Capital Serial Bonds Payable – Water Utility Capital Fund (Not Applicable)	D-14
Schedule of Bond Anticipation Notes Payable – Water Utility Capital Fund (Not Applicable)	D-14a
Schedule of Bonds and Notes Authorized but not Issued – Water Utility Capital Fund	D-15
<u>Sewer Utility Fund</u>	
Schedule of Cash – Treasurer – Sewer Utility Fund	E-4
Schedule of Cash – Collector – Sewer Utility Operating Fund (Not Applicable)	E-4a
Analysis of Sewer Capital Cash – Sewer Utility Capital Fund	E-5
Schedule of Consumer Accounts Receivable – Sewer Utility Operating Fund	E-6
Schedule of Sewer Liens Receivable – Sewer Utility Operating Fund (Not Applicable)	E-7
Schedule of Fixed Capital – Sewer Utility Capital Fund	E-8
Schedule of 2021 Appropriation Reserves – Sewer Utility Operating Fund	E-9
Schedule of Fixed Capital Authorized and Uncompleted – Sewer Utility Capital Fund	E-10
Schedule of Improvement Authorizations – Sewer Utility Capital Fund	E-11
Schedule of Capital Improvement Fund – Sewer Utility Capital Fund	E-12
Schedule of Reserve for Amortization – Sewer Utility Capital Fund	E-13
Schedule of Deferred Reserve for Amortization – Sewer Utility Capital Fund	E-14

BOROUGH OF BRANCHVILLE  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2022  
(Continued)

<u>Part I – Financial Statements and Supplementary Data (Cont'd)</u>	<u>Schedule</u>
<u>Supplementary Data (Cont'd)</u>	
<u>Sewer Utility Fund (Cont'd)</u>	
Schedule of Sewer Capital Serial Bonds Payable – Sewer Utility Capital Fund (Not Applicable)	E-15
Schedule of USDA Loans Payable – Sewer Utility Capital Fund	E-16
Schedule of Bonds and Notes Authorized but not Issued – Sewer Utility Capital Fund	E-17
<u>Public Assistance Fund</u>	
Schedule of Cash – Treasurer	F-1
 <u>Part II – Single Audit</u>	 <u>Page</u>
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Notes to Schedules of Expenditures of Federal and State Awards	3
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	4-5
Schedule of Findings and Questioned Costs	6-7
Summary Schedule of Prior Audit Findings	8
 <u>Part III – Comments and Recommendations</u>	 <u>Schedule</u>
Comments and Recommendations	9-12
Summary of Recommendations	13

BOROUGH OF BRANCHVILLE

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 Branchville  
Branchville, New Jersey

### **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 Branchville, in the County of Sussex (the "Borough") as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the table of contents.

#### ***Unmodified Opinions 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 and account group of the Borough as of December 31, 2022, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the year then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, 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, or the changes in financial position or where applicable, cash flows thereof for the year then ended.

#### ***Basis for Opinions***

We conducted our audit 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.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Branchville  
Page 2

***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.

***Emphasis of Matter***

As discussed in Note 16 to the financial statements, the Borough implemented GASB Statement No. 87, *Leases*, during the year ended December 31, 2022. Our opinions are not modified with respect to this matter.

***Other Matters***

The financial statements of the Borough as of December 31, 2021 were audited by other auditors whose report dated August 31, 2022 expressed an unmodified opinion on those statements.

***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.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Branchville  
Page 3

- 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 and account group 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 May 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  
May 24, 2023

NISIVOCIA, LLP

*Andrew Kucinski*

Andrew Kucinski  
Registered Municipal Accountant No. 583  
Certified Public Accountant

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
CURRENT FUND

BOROUGH OF BRANCHVILLE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2022	2021 (as Restated)
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 2,065,512.11	\$ 1,401,227.54
Change Fund		50.00	50.00
		<u>2,065,562.11</u>	<u>1,401,277.54</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	50,274.76	35,720.95
Tax Title Liens Receivable	A-7	14,354.57	12,230.57
Due from Animal Control Fund	B	147.36	130.28
Total Receivables and Other Assets with Full Reserves		<u>64,776.69</u>	<u>48,081.80</u>
Total Regular Fund		<u>2,130,338.80</u>	<u>1,449,359.34</u>
Federal & State Grant Fund:			
Due from Current Fund	A	<u>100,144.54</u>	<u>63,674.66</u>
Total Federal and State Grant Fund		<u>100,144.54</u>	<u>63,674.66</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,230,483.34</u>	<u>\$ 1,513,034.00</u>

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

	Ref.	December 31,	
		2022	2021 (as Restated)
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 90,292.85	\$ 70,731.80
Unencumbered	A-3;A-11	41,825.03	
		<u>132,117.88</u>	<u>70,731.80</u>
Accounts Payable - Vendors		95.00	95.00
Prepaid Taxes		35,092.72	236,501.92
County Taxes Payable			253.08
Due to State of New Jersey:			
Marriage Licenses		25.00	
Department of Community Affairs Training Fees		339.00	1,656.00
Senior Citizens & Veterans Deductions		2,739.35	3,489.35
Due to Federal & State Grant Fund	A	100,144.54	63,674.66
Due to Other Trust Funds	B	15,123.74	21,781.40
Due to General Capital Fund	C	2.00	102,467.72
Due to Water Utility Operating Fund	D	989.86	
Due to Water Utility Capital Fund	D	75,000.00	75,000.00
Due to Sewer Utility Operating Fund	E	9,505.18	55,736.21
Due to Sewer Utility Capital Fund	E	165,000.00	165,000.00
Due to Payroll Fund		133,179.65	
Tax Overpayments		17,025.84	12,721.15
Reserve for:			
Pending Tax Appeals		36,750.00	40,000.00
Sale of Municipal Assets		882,500.00	109,000.00
Municipal Relief Fund Aid		35,307.01	
		<u>1,640,936.77</u>	<u>958,108.29</u>
Reserve for Receivables and Other Assets	A	64,776.69	48,081.80
Fund Balance	A-1	424,625.34	443,169.25
Total Regular Fund		<u>2,130,338.80</u>	<u>1,449,359.34</u>
Federal & State Grant Fund:			
Appropriated Reserves	A-13	14,449.81	13,339.76
Unappropriated Reserves	A-14	85,694.73	50,334.90
Total Federal and State Grant Fund		<u>100,144.54</u>	<u>63,674.66</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,230,483.34</u>	<u>\$ 1,513,034.00</u>

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

BOROUGH OF BRANCHVILLE  
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> (Restated)
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	201,000.00	\$ 201,000.00
Miscellaneous Revenue Anticipated		915,927.99	903,878.25
Receipts from:			
Delinquent Taxes		34,715.26	33,913.27
Current Taxes		2,986,932.79	2,990,058.42
Nonbudget Revenue		37,460.22	30,775.52
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		63,331.10	97,714.00
Interfunds Returned		130.28	770.42
Total Income		<u>4,239,497.64</u>	<u>4,258,109.88</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		1,240,950.50	1,207,822.48
County Taxes		735,166.46	764,894.29
Due County for Added and Omitted Taxes		3,788.83	253.08
Local School District Taxes		1,224,022.00	1,164,856.00
Regional High School District Taxes		848,911.00	902,454.00
Refund of Prior Year Revenue		4,055.40	14,488.99
Interfunds Advanced		147.36	
Total Expenditures		<u>4,057,041.55</u>	<u>4,054,768.84</u>
Excess in Revenue		182,456.09	203,341.04
<u>Fund Balance</u>			
Balance January 1		<u>443,169.25</u>	<u>440,828.21</u>
		625,625.34	644,169.25
Decreased by:			
Utilized as Anticipated Revenue		<u>201,000.00</u>	<u>201,000.00</u>
Balance December 31	A	<u>\$ 424,625.34</u>	<u>\$ 443,169.25</u>

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

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

	<u>Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 201,000.00		\$ 201,000.00	
Miscellaneous Revenue:				
Alcoholic Beverages	1,575.00		1,575.00	
Municipal Court - Fines and Costs	2,500.00		3,904.25	\$ 1,404.25
Consolidated Municipal Property Tax Relief Aid	99,543.00		99,543.00	
Energy Receipts Tax	577,304.00		577,304.00	
Uniform Construction Code Fees	35,000.00		36,291.35	1,291.35
Recycling Tonnage Grant	1,959.66		5,566.50	3,606.84
Clean Communities Grant	4,000.00		4,000.00	
Verizon Cell Tower Rental Agreement	40,500.00		44,399.67	3,899.67
AT&T Cell Tower Rental Agreement	100,000.00		118,344.22	18,344.22
General Capital Fund Balance	25,000.00		25,000.00	
	<u>887,381.66</u>		<u>915,927.99</u>	<u>28,546.33</u>
Receipts from Delinquent Taxes	<u>29,000.00</u>		<u>34,715.26</u>	<u>5,715.26</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>215,491.84</u>		<u>245,044.50</u>	<u>29,552.66</u>
Budget Totals	1,332,873.50		1,396,687.75	63,814.25
Nonbudget Revenue			<u>37,460.22</u>	<u>37,460.22</u>
	<u>\$ 1,332,873.50</u>	<u>\$ -0-</u>	<u>\$ 1,434,147.97</u>	<u>\$ 101,274.47</u>

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

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 2,986,932.79
Allocated to:		
Local School District Taxes	\$ 1,224,022.00	
Regional High School District Taxes	848,911.00	
County Taxes	735,166.46	
Due County for Added and Omitted Taxes	3,788.83	
		2,811,888.29
Balance for Support of Municipal Budget		175,044.50
Add: Appropriation "Reserve for Uncollected Taxes"		70,000.00
Realized for Support of Municipal Budget		\$ 245,044.50

Receipts from Delinquent Taxes:

Delinquent Tax Collections		\$ 34,715.26
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Analysis of Nonbudget Revenue:

Treasurer:		
Interest on Investments	\$ 3,552.13	
Clerks Fees	753.00	
Senior Citizens' and Veterans Deductions		
Administrative Fee	145.00	
FEMA Reimbursements:		
Winter Storm Orleana	2,095.38	
Tax Collector Miscellaneous Receipts	13,985.58	
Interest and Costs on Taxes	9,211.97	
Other Miscellaneous	6,177.78	
		35,920.84
Due from Animal Control Fund:		
Interest Earned		17.08
Due from General Capital Fund:		
Interest Earned		952.53
Due from Other Trust Fund:		
Interest Earned		34.40
Cancellation of Reserve for Payroll		535.37
		\$ 37,460.22

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

BOROUGH OF BRANCHVILLE  
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	
<b>GENERAL GOVERNMENT:</b>					
Mayor and Council:					
Salaries & Wages	\$ 30,600.00	\$ 23,405.87	\$ 23,405.87		
Other Expenses	8,700.00	15,603.52	10,650.82	\$ 4,952.70	
Municipal Clerk:					
Salaries & Wages	50,000.00	54,952.70	54,952.70		
Other Expenses	11,000.00	13,774.24	13,774.24		
Financial Administration:					
Salaries & Wages	8,750.00	8,750.00	7,727.30	1,022.70	
Other Expenses	35,000.00	35,000.00	33,350.90	1,649.10	
Annual Audit	22,700.00	22,700.00	14,250.00	8,450.00	
Computerized Data Processing:					
Other Expenses	100.00	8,953.61	8,953.61		
Revenue Administration (Tax Collection):					
Salaries & Wages	23,050.00	23,050.00	22,744.08	305.92	
Other Expenses	1,500.00	2,371.06	2,371.06		
Tax Assessment Administration:					
Salaries & Wages	13,600.00	13,600.00	13,378.92	221.08	
Other Expenses	2,000.00	2,000.00	100.00	1,900.00	
Legal Services and Costs:					
Other Expenses - General	28,000.00	32,839.30	32,839.30		
Engineering Services and Costs:					
Other Expenses	4,500.00	25,000.03	25,000.03		
<b>LAND USE ADMINISTRATION:</b>					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	4,675.00	4,675.00	2,177.24	2,497.76	
Other Expenses	5,000.00	5,000.00	2,159.25	2,840.75	
<b>INSURANCE:</b>					
General Liability Insurance	30,000.00	32,520.00	32,520.00		
Workers Compensation Insurance	40,000.00	40,000.00	36,187.28	3,812.72	
Group Insurance Plan for Employees	80,000.00	57,406.22	47,149.48	10,256.74	
Accumulated Leave Compensation	200.00	200.00	200.00		
<b>PUBLIC SAFETY:</b>					
Constable:					
Salaries & Wages	1.00	1.00	1.00	1.00	
Other Expenses	10,000.00	10,000.00	9,975.06	24.94	

BOROUGH OF BRANCHVILLE  
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	
<b>PUBLIC SAFETY (Cont'd):</b>					
Emergency Management Services:					
Salaries & Wages	\$ 2,100.00	\$ 2,100.00	\$ 1,671.63	\$ 428.37	
Other Expenses	1,000.00	1,000.00		1,000.00	
Aid to Volunteer Fire Company	29,750.00	29,750.00	29,750.00		
First Aid Organization Contribution	10,000.00	10,000.00	10,000.00		
Fire:					
Fire Hydrant Service	125.00	125.00		125.00	
<b>PUBLIC WORKS:</b>					
Street Road Repairs and Maintenance:					
Salaries & Wages	175,000.00	156,690.34	156,690.34		
Other Expenses	30,000.00	34,549.44	34,549.44		
ShadeTree Committee:					
Other Expenses	3,485.00	3,485.00	1,650.00	1,835.00	
Purchase of Trees	4,000.00	4,000.00	1,250.00	2,750.00	
Sanitation:					
Trash Removal	165,000.00	154,311.62	154,311.62		
Recycling					
Public Building and Grounds:					
Salaries & Wages	2,100.00	2,100.00	2,025.24	74.76	
Other Expenses	16,000.00	16,000.00	14,601.54	1,398.46	
Vehicle Maintenance	15,000.00	10,727.70	10,727.70		
<b>HEALTH AND WELFARE:</b>					
Board of Health:					
Salaries & Wages	1.00	1.00		1.00	
Other Expenses	250.00	250.00		250.00	
Animal Control:					
Salaries & Wages	550.00	550.00		550.00	
Other Expenses	500.00	500.00		500.00	
Aid to Social Services:					
Other Expenses	2,000.00	2,000.00		2,000.00	
<b>PARKS AND RECREATION:</b>					
Board of Recreation Commissioners:					
Salaries & Wages	1.00	1.00		1.00	
Other Expenses	5,000.00	5,000.00	5,000.00		

BOROUGH OF BRANCHVILLE  
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	
<b>UNIFORM CONSTRUCTION CODE:</b>					
Construction Official:					
Salaries & Wages	\$ 26,500.00	\$ 26,500.00	\$ 22,582.99	\$ 3,917.01	
Other Expenses	2,000.00	2,285.00	2,285.00		
Other Code Enforcement:					
Salaries & Wages	1.00	2,034.28	2,034.28		
<b>UNCLASSIFIED:</b>					
Electricity	6,000.00	7,425.20	7,425.20		
Street Lighting	22,000.00	23,182.91	23,182.91		
Telephone	25,000.00	25,000.00	21,211.70	3,788.30	
Fuel Oil	9,000.00	9,000.00	6,028.48	2,971.52	
Gasoline	12,500.00	12,500.00	12,226.10	273.90	
<b>Total Operations Within "CAPS"</b>	<b>974,239.00</b>	<b>972,871.04</b>	<b>913,071.31</b>	<b>59,799.73</b>	
<b>Detail:</b>					
Salaries & Wages	336,929.00	318,411.19	309,390.59	9,020.60	
Other Expenses	637,310.00	654,459.85	603,680.72	50,779.13	
<b>Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>					
Statutory Expenditures:					
Public Employees' Retirement System	29,765.00	29,765.00	29,765.00		
Social Security System (O.A.S.I.)	28,000.00	28,115.08	28,115.08		
Unemployment Compensation Insurance	500.00	1,455.88	1,455.88		
<b>Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>	<b>58,265.00</b>	<b>59,335.96</b>	<b>59,335.96</b>		
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>1,032,504.00</b>	<b>1,032,207.00</b>	<b>972,407.27</b>	<b>59,799.73</b>	

BOROUGH OF BRANCHVILLE  
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 Excluded from "CAPS":					
Shared Service Agreements:					
Fire:					
Salaries & Wages	\$ 1.00	\$ 1.00	\$	\$ 1.00	
Other Expenses	1.00	1.00		1.00	
Municipal Court:					
Other Expenses	43,000.00	43,297.00	\$ 43,297.00		
"911" Communication System	7,000.00	7,000.00	5,341.50	1,658.50	
Electrical/Plumbing					
Other Expenses	1,500.00	1,500.00		1,500.00	
Dog Regulation - Wantage Township					
Other Expenses	3,000.00	3,000.00	2,929.00	71.00	
State and Federal Programs Offset by Revenue:					
Municipal Alliance on Alcoholism and Drug Abuse	1.00	1.00		1.00	
Recycling Tonnage Grant	5,566.50	5,566.50	5,566.50		
Clean Communities Grant	4,000.00	4,000.00	4,000.00		
<b>Total Operations Excluded from "CAPS"</b>	<b>64,069.50</b>	<b>64,366.50</b>	<b>61,134.00</b>	<b>3,232.50</b>	
Detail:					
Salaries & Wages	1.00				
Other Expenses	64,068.50	64,366.50	61,134.00	3,232.50	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Reserve for Municipal Complex					
Purchase of Fire Truck	25,000.00	25,000.00	25,000.00		
Purchase of Fire Equipment	5,000.00	5,000.00	4,083.34	916.66	
Purchase of Road Equipment	15,000.00	15,000.00	15,000.00		
Purchase of Turnout Gear	4,800.00	4,800.00	4,800.00		
Improvements to Municipal Property	15,000.00	15,000.00		15,000.00	
Improvements to Street Lights	20,000.00	20,000.00	20,000.00		
Improvements to Computers	6,500.00	6,500.00		6,500.00	
Purchase of Roadside Mower	15,000.00	15,000.00	10,156.04	4,843.96	
<b>Total Capital Improvements - Excluded from "CAPS"</b>	<b>116,300.00</b>	<b>116,300.00</b>	<b>89,039.38</b>	<b>27,260.62</b>	
<b>Total Operations Excluded from "CAPS"</b>					

BOROUGH OF BRANCHVILLE  
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	
Deferred Charges - Municipal - Excluded from "CAPS":					
Deferred Charges to Future Taxation:					
Ord #02-16	\$ 10,600.00	\$ 10,600.00			\$ 10,600.00
Ord #02-17	175.35	175.35			175.35
Ord #03-17	11,147.65	11,147.65			11,147.65
Ord #05-20	28,077.00	28,077.00	\$ 28,077.00		
<b>Total Deferred Charges - Municipal - Excluded from "CAPS"</b>	<b>50,000.00</b>	<b>50,000.00</b>	<b>28,077.00</b>		<b>21,923.00</b>
<b>Total General Appropriations - Excluded from "CAPS"</b>	<b>230,369.50</b>	<b>230,666.50</b>	<b>178,250.38</b>	<b>\$ 30,493.12</b>	<b>21,923.00</b>
<b>Subtotal General Appropriations</b>	<b>1,262,873.50</b>	<b>1,262,873.50</b>	<b>1,150,657.65</b>	<b>90,292.85</b>	<b>21,923.00</b>
<b>Reserve for Uncollected Taxes</b>	<b>70,000.00</b>	<b>70,000.00</b>	<b>70,000.00</b>		
<b>Total General Appropriations</b>	<b>\$ 1,332,873.50</b>	<b>\$ 1,332,873.50</b>	<b>\$ 1,220,657.65</b>	<b>\$ 90,292.85</b>	<b>\$ 21,923.00</b>

Ref.

A

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

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 1,332,873.50</u>	
		<u>\$ 1,332,873.50</u>	
Cash Disbursed			\$ 656,321.47
Encumbrances Payable	A		41,825.03
Due to Payroll Fund			442,944.65
Reserve for Uncollected Taxes			70,000.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			<u>9,566.50</u>
			<u>\$ 1,220,657.65</u>

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

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
TRUST FUNDS

BOROUGH OF BRANCHVILLE  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	December 31	
		2022	2021 (as Restated)
<u>Animal Control Fund:</u>			
Cash and Cash Equivalents	B-4	\$ 3,294.16	\$ 3,162.68
		<u>3,294.16</u>	<u>3,162.68</u>
<u>Other Trust Funds:</u>			
Cash and Cash Equivalents	B-4	80,582.13	80,539.95
Due from Current Fund	A	15,123.74	21,781.40
		<u>95,705.87</u>	<u>102,321.35</u>
<u>TOTAL ASSETS</u>		<u>\$ 99,000.03</u>	<u>\$ 105,484.03</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Animal Control Fund:</u>			
Prepaid Licenses		\$ 453.00	\$ 410.00
Due to Current Fund	A	147.36	130.28
Reserve for Animal Control Fund Expenditures	B-6	2,693.80	2,622.40
		<u>3,294.16</u>	<u>3,162.68</u>
<u>Other Trust Funds:</u>			
Due to General Capital Fund	C	20,000.00	20,000.00
Reserve for:			
Developers' Escrow		8,864.56	10,152.45
Affordable Housing		33,059.28	33,051.50
Storm Recovery		21,877.56	21,877.56
Accumulated Sick Leave		7,595.20	7,395.20
Payroll			535.37
Recreation		4,309.27	9,309.27
		<u>95,705.87</u>	<u>102,321.35</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 99,000.03</u>	<u>\$ 105,484.03</u>

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

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

NOT APPLICABLE

BOROUGH OF BRANCHVILLE  
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 BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2022	2021
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 240,548.76	\$ 154,295.56
Due from Other Trust	B	20,000.00	20,000.00
Due from Current Fund	A	2.00	102,467.72
Deferred Charges to Future Taxation:			
Unfunded	C-4	731,923.00	522,500.00
<u>TOTAL ASSETS</u>		<u>\$ 992,473.76</u>	<u>\$ 799,263.28</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 29,250.00	
Unfunded	C-5	319,220.53	\$ 397,560.05
Due to Current Fund	A		
Due to Open Space Trust Fund	B		
Capital Improvement Fund	C-6	103,616.58	136,116.58
Encumbrance Payable		250,000.00	
Reserve for:			
Improvements to Various Roads		37,500.00	37,500.00
Road Equipment		72,710.17	57,710.17
Street Lights		135,000.00	115,000.00
Fire Equipment		19,800.00	15,000.00
Fire Truck		10,000.00	
Fund Balance	C-1	15,376.48	40,376.48
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 992,473.76</u>	<u>\$ 799,263.28</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 40,376.48
Decreased by:		
Appropriated to 2022 Budget Revenue		<u>25,000.00</u>
Balance December 31, 2022	C	<u><u>\$ 15,376.48</u></u>

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

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
WATER UTILITY FUND

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

	Ref.	December 31,	
		2022	2021
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 73,240.29	\$ 133,364.98
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	D-6	6,232.00	5,611.33
Due from Current Fund	A	989.86	
Due from Water Utility Capital Fund	D	75,681.23	36,579.76
Total Operating Fund		<u>156,143.38</u>	<u>175,556.07</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	107,114.63	130,547.53
Due from Current Fund	A	75,000.00	75,000.00
Fixed Capital	D-7	2,263,825.96	2,263,825.96
Fixed Capital Authorized & Uncompleted	D-8	100,000.00	100,000.00
Total Capital Fund		<u>2,545,940.59</u>	<u>2,569,373.49</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,702,083.97</u>	<u>\$ 2,744,929.56</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 5,052.95	\$ 39,584.21
Encumbered	D-3;D-9		3,366.25
		<u>5,052.95</u>	<u>42,950.46</u>
Prepaid/Overpaid Water Rents		17,179.92	17,736.72
		<u>22,232.87</u>	<u>60,687.18</u>
Reserve for Receivables	D	6,232.00	5,611.33
Fund Balance	D-1	127,678.51	109,257.56
Total Operating Fund		<u>156,143.38</u>	<u>175,556.07</u>
Capital Fund:			
Improvement Authorizations:			
Funded	D-10	6,133.63	78,668.00
Due to Water Utility Operating Fund	D	75,681.23	36,579.76
Capital Improvement Fund	D-11	219,030.90	219,030.90
Reserve for Capital Outlay			1,916.97
Reserve for Amortization	D-12	2,138,825.96	2,103,825.96
Deferred Reserve for Amortization	D-13	100,000.00	100,000.00
Fund Balance	D-1A	6,268.87	29,351.90
Total Capital Fund		<u>2,545,940.59</u>	<u>2,569,373.49</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,702,083.97</u>	<u>\$ 2,744,929.56</u>

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

BOROUGH OF BRANCHVILLE  
WATER UTILITY OPERATING 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>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 51,700.00	\$ 51,700.00
Rents		93,619.21	101,333.20
Water Capital Fund Balance		25,000.00	50,000.00
Miscellaneous Revenue Not Anticipated		8,901.28	526.73
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		42,600.46	19,735.25
Total Income		<u>221,820.95</u>	<u>223,295.18</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		115,000.00	115,000.00
Capital Improvements			40,000.00
Deferred Charges and Statutory Expenditures		36,700.00	36,700.00
Total Expenditures		<u>151,700.00</u>	<u>191,700.00</u>
Excess in Revenue		<u>70,120.95</u>	<u>31,595.18</u>
<u>Fund Balance</u>			
Balance January 1		<u>109,257.56</u>	<u>129,362.38</u>
		179,378.51	160,957.56
Decreased by:			
Utilized as Anticipated Revenue		<u>51,700.00</u>	<u>51,700.00</u>
Balance December 31	D	<u>\$ 127,678.51</u>	<u>\$ 109,257.56</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 29,351.90
Increased by:		
Cancellation of Reserve for Capital Outlay		1,916.97
		31,268.87
Decreased by:		
Appropriated to Water Utility Operating Fund		25,000.00
		25,000.00
Balance December 31, 2022	D	\$ 6,268.87

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

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

	Budget Anticipated	Realized	Excess/ Deficit*
Fund Balance Anticipated	\$ 51,700.00	\$ 51,700.00	
Rents	95,000.00	93,619.21	\$ 1,380.79 *
Water Capital Fund Balance	25,000.00	25,000.00	
	171,700.00	170,319.21	1,380.79
Nonbudget Revenue		8,901.28	8,901.28
	\$ 171,700.00	\$ 179,220.49	\$ 10,282.07

Analysis of Water Rents/ Rate Increase

Collections	\$ 90,236.04
Overpayments Applied	3,383.17
	\$ 93,619.21

Analysis of Nonbudget Revenue

Cash Received in Current Fund due to Water Utility Operating Fund	\$ 3,989.86
Interest on Deposits:	
Due from Water Utility Capital Fund	525.58
Interest on Deposits	492.01
Other Miscellaneous	3,893.83
	\$ 8,901.28

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

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

	Appropriations		Expended		Unexpended Balances Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries & Wages	\$ 20,000.00	\$ 20,000.00	\$ 18,300.48	\$ 1,699.52	
Other Expenses	95,000.00	95,000.00	93,346.57	1,653.43	
Capital Improvements:					
Capital Outlay	20,000.00	20,000.00			\$ 20,000.00
Deferred Charges:					
Emergency Authorizations					
Unfunded (04-17) Improvements to Water Supply	35,000.00	35,000.00	35,000.00		
Statutory Expenditures:					
Social Security System (OASI)	1,700.00	1,700.00		1,700.00	
	<u>\$ 171,700.00</u>	<u>\$ 171,700.00</u>	<u>\$ 146,647.05</u>	<u>\$ 5,052.95</u>	<u>\$ 20,000.00</u>

Ref.

D

Cash Disbursed	\$ 93,346.57
Due to Current Fund	18,300.48
Due to Water Utility Capital Fund	35,000.00
	<u>\$ 146,647.05</u>

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

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
SEWER UTILITY FUND

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

	Ref.	December 31,	
		2022	2021
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 43,819.00	\$ 76,494.54
Change Fund		50.00	50.00
		<u>43,869.00</u>	<u>76,544.54</u>
Due from Current Fund	A	9,505.18	55,736.21
Due from Sewer Utility Capital Fund	E	65,225.49	30,755.55
Due from Payroll Fund		55,000.00	
		<u>173,599.67</u>	<u>163,036.30</u>
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-6	17,974.68	40,621.26
		<u>17,974.68</u>	<u>40,621.26</u>
Total Receivable with Full Reserve		<u>17,974.68</u>	<u>40,621.26</u>
Total Operating Fund		<u>191,574.35</u>	<u>203,657.56</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	254,136.97	312,965.03
Due from Current Fund	A	165,000.00	165,000.00
Due from Payroll Fund		60,000.00	
Fixed Capital	E-8	4,985,000.00	4,985,000.00
Fixed Capital Authorized & Uncompleted	E-10	3,000,059.80	3,000,059.80
		<u>8,464,196.77</u>	<u>8,463,024.83</u>
Total Capital Fund		<u>8,464,196.77</u>	<u>8,463,024.83</u>
<u>TOTAL ASSETS</u>		<u>\$ 8,655,771.12</u>	<u>\$ 8,666,682.39</u>

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 4,500.10	\$ 38,803.08
		4,500.10	38,803.08
Prepaid/Overpaid Sewer Rents		8,320.48	5,960.37
Accrued Interest on Bonds and Notes		31,172.11	18,439.30
Reserve for Sewer Lien Extension		4,000.00	4,000.00
		<u>47,992.69</u>	<u>67,202.75</u>
Reserve for Receivables	E	17,974.68	40,621.26
Fund Balance	E-1	125,606.98	95,833.55
		<u>191,574.35</u>	<u>203,657.56</u>
Total Operating Fund			
Capital Fund:			
Loans Payable	E-16	3,700,648.50	3,768,618.70
Improvement Authorizations:			
Funded	E-11	1,128.44	1,128.44
Unfunded	E-11	422,238.82	422,238.82
Due to Sewer Utility Operating Fund	E	65,225.49	30,755.55
Capital Improvement Fund	E-11	30,000.00	15,000.00
Reserve for Capital Outlay		239,217.44	239,217.44
Reserve for Debt Service		143,565.60	607,624.78
Reserve for Amortization	E-13	3,438,112.68	2,954,381.30
Deferred Reserve for Amortization	E-14	424,059.80	424,059.80
		<u>8,464,196.77</u>	<u>8,463,024.83</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 8,655,771.12</u>	<u>\$ 8,666,682.39</u>

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

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

	Ref.	Year Ended December 31,	
		2022	2021
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 40,000.00	\$ 46,283.63
Rents		785,558.71	761,128.11
Miscellaneous Revenue Not Anticipated		5,411.64	1,715.82
Reserve for Debt Service		464,059.18	35,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		38,803.08	28,238.92
<b>Total Income</b>		<b>1,333,832.61</b>	<b>872,366.48</b>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		657,267.19	670,000.00
Capital Improvements		15,000.00	5,000.00
Debt Service		176,030.81	156,283.63
Deferred Charges and Statutory Expenditures		415,761.18	
<b>Total Expenditures</b>		<b>1,264,059.18</b>	<b>831,283.63</b>
Excess in Revenue		69,773.43	41,082.85
<u>Fund Balance</u>			
Balance January 1		95,833.55	101,034.33
		165,606.98	142,117.18
Decreased by:			
Utilized as Anticipated Revenue		40,000.00	46,283.63
Balance December 31	E	<b>\$ 125,606.98</b>	<b>\$ 95,833.55</b>

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

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

	<u>Budget Anticipated</u>	<u>Realized</u>	<u>Excess/ Deficit*</u>
Operating Surplus Anticipated	\$ 40,000.00	\$ 40,000.00	
Sewer Rents	760,000.00	785,558.71	\$ 25,558.71
Reserve for Debt Service	464,059.18	464,059.18	
	<u>1,264,059.18</u>	<u>1,289,617.89</u>	<u>25,558.71</u>
Nonbudget Revenue		5,411.64	5,411.64
	<u>\$ 1,264,059.18</u>	<u>\$ 1,295,029.53</u>	<u>\$ 30,970.35</u>

Analysis of Sewer Rents/ Rate Increase:

Collections	\$ 779,598.34
Prepaid/Overpaid Sewer Rents Applied	<u>5,960.37</u>
	<u>\$ 785,558.71</u>

Analysis of Nonbudget Revenue

Interest on Sewer Rents	\$ 1,653.33
Interest on Investments	2,586.37
Interest Due from Sewer Utility Capital Fund	<u>1,171.94</u>
	<u>\$ 5,411.64</u>

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

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

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries & Wages	\$ 10,000.00	\$ 21,443.36	\$ 21,443.36		
Other Expenses	660,000.00	635,823.83	631,323.73	\$ 4,500.10	
Capital Improvements:					
Capital Outlay	15,000.00	15,000.00	15,000.00		
Debt Service					
Payment of Loan Principal	67,970.20	67,970.20	67,970.20		
Interest on Loans	95,327.80	108,060.61	108,060.61		
Deferred Charges:					
Unfunded Ordinance 10-06					
Construction of Sewer System	415,761.18	415,761.18	415,761.18		
	<u>\$ 1,264,059.18</u>	<u>\$ 1,264,059.18</u>	<u>\$ 1,259,559.08</u>	<u>\$ 4,500.10</u>	<u>\$ -0-</u>

Ref.

E

Cash Disbursed	\$ 699,293.93
Due to Current Fund	21,443.36
Due to Sewer Utility Capital Fund	430,761.18
Accrued Interest on Bonds & Loans	108,060.61
	<u>\$ 1,259,559.08</u>

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

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
PUBLIC ASSISTANCE FUND

BOROUGH OF BRANCHVILLE  
PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	<u>\$ 2,883.00</u>	<u>\$ 2,871.42</u>
<u>TOTAL ASSETS</u>		<u><u>\$ 2,883.00</u></u>	<u><u>\$ 2,871.42</u></u>
 <u>RESERVES:</u>			
Reserve for Public Assistance Expenditures		<u>\$ 2,883.00</u>	<u>\$ 2,871.42</u>
<u>TOTAL RESERVES</u>		<u><u>\$ 2,883.00</u></u>	<u><u>\$ 2,871.42</u></u>

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

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF BRANCHVILLE  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2022	2021
<u>ASSETS</u>		
Land / Buildings and Improvements	\$ 5,323,864.46	\$ 5,323,864.46
Machinery and Equipment	762,102.32	638,872.70
<u>TOTAL ASSETS</u>	\$ 6,085,966.78	\$ 5,962,737.16
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 6,085,966.78	\$ 5,962,737.16
<u>TOTAL RESERVES</u>	\$ 6,085,966.78	\$ 5,962,737.16

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

BOROUGH OF BRANCHVILLE  
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 Branchville include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by N.J.S. 40A:5-5. Accordingly, the financial statements do not include the operations of the volunteer fire company or volunteer aid.

Governmental Accounting Standards Board ("GASB") Codification 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 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 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 Fund - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general 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.

BOROUGH OF BRANCHVILLE  
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)

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

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes. The operations of the State funded welfare program were transferred to the county in a prior year.

General Fixed Assets Account Group - 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 operating funds when it is budgeted 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. 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 charged to operations generally 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.

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.

BOROUGH OF BRANCHVILLE  
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)

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 awarded and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the Borough is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Borough is a lessor, a financed purchases payable would be recorded for financed purchases agreements under which the Borough acquires and owns a fixed asset and the Borough's net OPEB liability and 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 Water and Sewer Utility Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded deferred charges represent improvement authorizations where no or temporary financing has been obtained. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or financed purchase 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.

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.

BOROUGH OF BRANCHVILLE  
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):

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

General Fixed Assets - In accordance with N.J.A.C. accounting requirements, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets and buildings are recorded at estimated historical cost, except for land which is recorded at estimated historical cost or assessed value in the year of acquisition. 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, general capital fund, and water and sewer utility funds. The values recorded in the general fixed assets account group and the current and 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.

Property and equipment purchased by the Utility Funds are recorded in the capital account at cost and are not adjusted for disposition and abandonment. 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 the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Utility Funds do not record depreciation on fixed assets.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for Current and 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.

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

(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds 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 have been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2022	2021	2020
<u>Issued</u>			
Sewer Utility:			
Bonds and Loans	\$ 3,700,648.50	\$ 3,768,618.70	\$ 3,834,902.33
Total Issued	<u>3,700,648.50</u>	<u>3,768,618.70</u>	<u>3,834,902.33</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	731,923.00	522,500.00	594,423.00
Water Utility:			
Bonds and Notes	125,000.00	160,000.00	195,000.00
Sewer Utility:			
Bonds and Notes	422,238.82	838,000.00	838,000.00
Total Authorized but Not Issued	<u>1,279,161.82</u>	<u>1,520,500.00</u>	<u>1,627,423.00</u>
Reserve to Pay Debt Service:			
Sewer Utility Capital Fund	143,565.60	607,624.78	642,624.78
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 5,123,375.92</u>	<u>\$ 5,896,743.48</u>	<u>\$ 6,104,950.11</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.549%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 105,500.00	\$ 105,500.00	
Utility Debt	4,391,452.92	4,391,452.92	
General Debt	731,923.00		\$ 731,923.00
	<u>\$ 5,228,875.92</u>	<u>\$ 4,496,952.92</u>	<u>\$ 731,923.00</u>

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

(Continued)

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

Summary of Statutory Debt Condition – Annual Debt Statement (Cont'd)

Net Debt: \$731,923.00 divided by Average Equalized Valuations of \$133,432,816.67 of Real Property = 0.549%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 4,670,148.58
Net Debt	<u>731,923.00</u>
Remaining Borrowing Power	<u><u>\$ 3,938,225.58</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 179,220.49
Deductions:	
Operating and Maintenance Costs	<u>116,700.00</u>
Excess in Revenue	<u><u>\$ 62,520.49</u></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	\$ 1,295,029.53
Deductions:	
Operating and Maintenance Costs	\$ 654,646.99
Debt Service	<u>176,030.81</u>
	<u>830,677.80</u>
Excess in Revenue	<u><u>\$ 464,351.73</u></u>

Foot

note: 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.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

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

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Loans Payable:				
Sewer Utility Capital Fund	\$ 3,834,902.33		\$ 66,283.63	\$ 3,768,618.70
	<u>\$ 3,834,902.33</u>	<u>\$ -0-</u>	<u>\$ 66,283.63</u>	<u>\$ 3,768,618.70</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Loans Payable:				
Sewer Utility Capital Fund	\$ 3,768,618.70		\$ 67,970.20	\$ 3,700,648.50
	<u>\$ 3,768,618.70</u>	<u>\$ -0-</u>	<u>\$ 67,970.20</u>	<u>\$ 3,700,648.50</u>

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

Sewer Utility Capital NJ Environmental Infrastructure Trust Loans Payable

Description	Final Maturity	Rate	Amount
United States Department of Agriculture Loan #1	09/02/56	2.25%	\$ 1,546,394.59
United States Department of Agriculture Loan #2	09/02/56	2.75%	2,154,253.91
Total Debt Issued and Outstanding			<u>\$ 3,700,648.50</u>

United States Department of Agriculture Loans Payable

The Borough entered into two loan agreements with the United States Department of Agriculture ("USDA") which are recorded in the Branchville Sewer Utility Capital Fund.

The USDA Loan #1 was entered into on September 6, 2016, for an amount of \$1,717,000.00 paid by the Sewer Utility Capital Fund. This loan is payable in semiannual installments of \$32,675.00 through September 2, 2056. Interest is calculated at 2.25% and included in the semiannual installment. The remaining balance as of December 31, 2022 was \$1,546,394.59.

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

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

United States Department of Agriculture Loans Payable (Cont'd)

The USDA Loan #2 was entered into on September 6, 2016, for an amount of \$2,367,000.00 paid by the Sewer Utility Capital Fund. This loan is payable in semiannual installments of \$48,974.00 through September 2, 2056. Interest is calculated at 2.75% and included in the semiannual installment. The remaining balance as of December 31, 2022 was \$2,154,253.91.

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

Calendar Year	Sewer Utility Capital		Total
	Principal	Interest	
2023	\$ 69,704.12	\$ 93,593.88	\$ 163,298.00
2024	71,474.50	91,823.50	163,298.00
2025	73,294.47	90,003.53	163,298.00
2026	75,161.24	88,136.76	163,298.00
2027	77,076.03	86,221.97	163,298.00
2028-2032	415,871.31	400,618.69	816,490.00
2033-2038	573,386.43	406,401.57	979,788.00
2039-2044	667,094.75	312,693.25	979,788.00
2045-2050	776,283.64	203,504.36	979,788.00
2051-2056	901,302.01	76,251.70	977,553.71
Total	<u>\$ 3,700,648.50</u>	<u>\$ 1,849,249.21</u>	<u>\$ 5,713,195.71</u>

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2022 which was included in the Current, Water Utility Operating and Sewer Utility Operating Funds' adopted budgets for the year ending December 31, 2023 is as follows:

Current Fund	\$ 175,000.00
Water Utility Fund	55,000.00
Sewer Utility Fund	40,000.00

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

Note 4: Local 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 has not elected to defer school taxes.

Note 5: Pension Plans

Borough employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee's Retirement System (PERS).

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](http://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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> 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 member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred 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.

BOROUGH OF BRANCHVILLE  
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

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 will be adjusted by the rate of return on the actuarial value of assets.

Borough contributions to PERS amounted to \$29,765 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 \$301,090 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 .0025%, which was an increase of 0.0017% 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 \$29,765.

BOROUGH OF BRANCHVILLE  
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

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.

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.

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

Note 5: Pension Plans (Cont'd)

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

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. 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.

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

(Continued)

Note 5: Pension Plans (Cont'd)

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

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		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 405,923	\$ 301,090	\$ 206,558
<u>Pension Plan Fiduciary Net Position</u>			

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

Note 6: Accrued Sick Benefits

The Borough permits employees to accrue a limited amount of unused sick pay and compensatory time, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$11,199.15 at December 31, 2022. 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 partially reserved in the Reserve for Accumulated Sick Leave of \$7,595.20 reflected on the Other Trust Funds' balance sheet as of 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 BRANCHVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

(Continued)

Note 7: Selected Tax Information (Cont'd)

	2022	2021	2020
<u>Tax Rate</u>	\$ 2.360	\$ 2.366	\$ 2.292
<u>Apportionment of Tax Rate</u>			
Municipal	0.168	0.151	0.142
County	0.575	0.599	0.596
Regional High School	0.662	0.705	0.654
Local School	0.955	0.911	0.900
<u>Assessed Valuations</u>			
2022	\$ 128,135,600		
2021		\$ 127,935,000	
2020			\$ 127,952,900

Comparison of Tax Levies and Collections Currently

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collection
2022	\$ 3,039,331.56	\$ 2,986,932.79	98.27%
2021	3,027,941.86	2,990,058.42	98.74%
2020	2,981,086.81	2,935,692.25	98.47%

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: 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 risk is the risk that in the event of 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 permitted under state statutes as detailed on the following pages.

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

(Continued)

Note 8: 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 require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in 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 public funds on deposit, and

In addition to the above collateral requirement, if 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 BRANCHVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

(Continued)

Note 8: 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 consisted of the following:

Fund	Cash on Hand	Checking Accounts	Totals
Current	\$ 50.00	\$ 2,065,512.11	\$ 2,065,562.11
Animal Control		3,294.16	3,294.16
Other Trust		80,582.13	80,582.13
General Capital		240,548.76	240,548.76
Water Utility Operating		73,240.29	73,240.29
Water Utility Capital		107,114.63	107,114.63
Sewer Utility Operating	50.00	43,819.00	43,869.00
Sewer Utility Capital		254,136.97	254,136.97
Public Assistance		2,883.00	2,883.00
	<u>\$ 100.00</u>	<u>\$ 2,871,131.05</u>	<u>\$ 2,871,231.05</u>

The carrying amount of the Borough's cash and cash equivalents at December 31, 2022, was \$2,871,231.05 and the bank balance was \$2,660,644.02.

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

(Continued)

Note 9: 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. The Borough maintains commercial insurance coverage for property and liability. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

The Borough of Hamburg is a member of the Statewide Insurance Fund, (the "Fund"). The Fund provides its members with workers' compensation insurance and surety bond coverage. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum.

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.

The 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.

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

	Statewide Insurance Fund
Total Assets	\$ 50,984,456
Net Position	\$ 15,544,217
Total Revenue	\$ 27,097,258
Total Expenses	\$ 28,427,346
Change in Net Position	\$ (1,330,088)
Members Dividends	\$ 863,028

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

Statewide Insurance Fund  
1 Sylvan Way, Suite 100  
Parsippany, NJ 07054  
(862) 260-2050

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

(Continued)

Note 9: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Borough remits employee withholdings and employer's share of New Jersey Unemployment Compensation Insurance taxes to the State each pay period. The State makes all unemployment payments to former employees, and the Borough has no further liability.

Note 10: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 147.36	\$ 498,944.97
Federal and State Grant Fund	100,144.54	
Animal Control Fund		147.36
Other Trust Fund	15,123.74	20,000.00
General Capital Fund	20,002.00	
Water Utility Operating Fund	76,671.09	
Water Utility Capital Fund	75,000.00	75,681.23
Sewer Utility Operating Fund	129,730.67	
Sewer Utility Capital Fund	225,000.00	65,225.49
Payroll Fund	133,179.65	115,000.00
	<u>\$ 774,999.05</u>	<u>\$ 774,999.05</u>

The interfund receivable in the Current Fund represents a prior year interfund due from the Animal Control Fund plus current year interest earned and due to the Current Fund as well as an excess turnover due back from the General Capital Fund. The interfund payable in the Current Fund represents monies owed to the Federal and State Grant Fund for a prior year interfund plus current year activity. In the interfund payable there is also monies owed to the Other Trust Fund for a prior year interfund owed plus current year activity. Current Fund also owes the Water and Sewer Utility Operating Fund for a prior year interfund plus current year activity. The Current Fund also owes the Water and the Sewer Utility Capital Funds for prior year activity. The Current Fund also owes the Payroll Fund for current year salaries and wages paid. The Water and Sewer Utility Capital Funds also owe the Water and Sewer Utility Operating Funds, respectively, for prior year activity and current year interest earned. The Payroll Fund interfund payable is due to the Sewer Utility Operating and Capital Funds for monies advanced to pay current year salaries. The interfund receivable in the General Capital Fund represents a prior year interfund due from the Other Trust Fund.

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

(Continued)

Note 11: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

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 have been filed against the Borough and are awaiting tax court decisions. The ultimate outcome and effect of such appeals has not been determined; however, the Borough Tax Assessor will aggressively defend the Borough's assessments. The Borough has recorded a reserve for pending tax appeals as of December 31, 2022 in the amount of \$36,750.00 and feels that amount is adequate to fund any potential reductions in assessments and taxes.

Note 12: Economic Dependency

The Borough receives a substantial amount of support from federal and state governments. 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 13: Deferred Compensation Plans

The Borough 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 National Life Group and Lincoln Financial, 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 14: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2022 and 2021:

	Balance Dec. 31, 2021	Additions	Deletions	Balance Dec. 31, 2022
Land/ Land Improvements and Buildings	\$ 5,323,864.46			\$ 5,323,864.46
Equipment	638,872.70	\$ 123,229.62		762,102.32
	<u>\$ 5,962,737.16</u>	<u>\$ 123,229.62</u>	<u>\$ -0-</u>	<u>\$ 6,085,966.78</u>
	Balance Dec. 31, 2020	Additions	Deletions	Balance Dec. 31, 2021
Land/ Land Improvements and Buildings	\$ 5,323,864.46			\$ 5,323,864.46
Equipment	638,872.70			638,872.70
	<u>\$ 5,962,737.16</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,962,737.16</u>

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

(Continued)

Note 15: 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. The Borough offers post retirement benefits on what seems to be a case by case basis. It is done via resolution. The last resolution ( done years ago) included the 2 retirees that are currently receiving benefits and the DPW Mike Little who retired 12/31/2022. At the current time there are "technically" no other employees who are approved to receive this benefit however, I do see this changing and adding the current DPW Employees after 25 years of eligible service. Coverage offered to the Retirees are for single coverage only. Mr. Little who just retired pays a percentage of the benefits based on his pension. Total Retiree health benefits for 2022 was \$9,208.56

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 BRANCHVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022

(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

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.

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

At June 30, 2021, the Borough had a liability of \$852,650 for its proportionate share of the net OPEB liability. At June 30, 2021, the Borough's proportion was .004737% which was a decrease of .001981% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021 the Borough's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was (\$34,195).

The Borough's actual post retirement payments in 2022 for 5 retiree employees were \$343,291.

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 Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%

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

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

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

Mortality:

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

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

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

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.

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2021, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Borough 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 (1.16%)	At Current Discount Rate (2.16%)	At 1% Increase (3.16%)
Borough's proportionate share of the Net OPEB Liability	\$ 1,003,405	\$ 852,650	\$ 733,173

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

(Continued)

Note 15: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

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

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

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of the Net OPEB Liability	\$ 711,397	\$ 852,650	\$ 1,036,967

Note 16: Leases

The Borough implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the current year.

The Borough entered into three lease agreements for the lease of space on the Borough's property for the development of the premises as a wireless communications facility including the structure, equipment and related facilities. The initial term of the Verizon lease shall be 10 years commencing in August 2010 or 30 days after the installation. The lessee can extend the lease for three renewal terms of five years each. The initial annual lease payment was \$32,010 and shall increase by the greater of a 3% increase of the initial lease payment or by using the renewal rent calculation in the contract. The initial term of the AT&T lease shall be five years commencing in May 2002 or 30 days after the installation. The lessee can extend the lease for five renewal terms of five years each. The initial annual lease payment was \$43,416 and shall increase by the greater of a 5% increase of the initial lease payment or by using the renewal rent calculation in the contract. The initial annual lease payment will also increase by a factor of the number of additional towers or antennas installed. The initial term of the T-Mobile lease shall be 10 years commencing in September 2022 or 30 days after the installation. The lessee can extend the lease for three renewal terms of five years each. The initial annual lease payment was \$30,000 and shall increase annually by 3% of the initial lease payment. Payments did not begin on the T-Mobile lease until 2023.

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

Note 17: Prior Period Adjustment

The Borough made a prior year adjustment to record a reallocation of cash and cash equivalents with the interfund receivable in the Other Trust Funds and a reallocation of the interfund payable and fund balance in the Current Fund.

	Balance as of 12/31/21 as <u>Previously Reported</u>	Retroactive <u>Adjustments</u>	Balance as of 12/31/2021 <u>as Restated</u>
<u>Other Trust Funds</u>			
Cash and Cash Equivalents	\$ 90,171.15	\$ (9,631.20)	\$ 80,539.95
Due from Current Fund	12,150.20	9,631.20	21,781.40
<u>Current Fund</u>			
Fund Balance	452,800.45	(9,631.20)	443,169.25
Due to Other Trust Funds	12,150.20	9,631.20	21,781.40

BOROUGH OF BRANCHVILLE

SUPPLEMENTARY DATA

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

Name	Title	Amount of Bond	Name of Corporate Surety
Anthony Frato Sr.	Mayor		
Richard Van Stone	Council President		
Beverly Bathgate	Councilperson		
H. Lee Doremus	Councilperson		
Russell Bellis Jr	Councilperson		
Mary Whitesell	Councilperson		
Troy Orr	Councilperson		
Kathryn L. Leissler	Municipal Clerk; Municipal Registrar; Tax Collector; Water Rent Collector; Improvement Search Officer; Tax Search Officer;	(a)	Statewide Insurance Fund
Karen Braun	Deputy Clerk; Deputy Registrar; Secretary Planning/Zoning Board	(a)	Statewide Insurance Fund
Christine Rolef	Chief Financial Officer	(a)	Statewide Insurance Fund
Kristy Lockburner	Tax Assessor	(a)	Statewide Insurance Fund
Harold Pellow	Engineer		
M. Richard Valenti	Attorney		
Micky Shelton	Animal Control Officer , Finance Assistant	(a)	Statewide Insurance Fund
Gary Krisroffersen	Fire & Building Subcode Inspector	(a)	Statewide Insurance Fund
Mike Robinson	Construction Official, Plumbing Sub-Code Inspector, Building Inspector	(a)	Statewide Insurance Fund

All bonds were examined and were properly executed

- (a) - Blanket Bond coverage is provided for all officials and employees in the amount of \$1,000,000 through Statewide Insurance Fund.  
The coverage type provided by the Blanket Bond is for employee theft.

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
CURRENT FUND

BOROUGH OF BRANCHVILLE  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 1,401,227.54
Increased by Receipts:		
Taxes Receivable	\$ 2,742,878.82	
Homestead Rebate	34,267.31	
Prepaid Taxes	35,092.72	
Tax Overpayments	4,304.69	
Third Party Tax Title Liens	9,413.11	
Revenue Accounts Receivable	906,361.49	
Miscellaneous Revenue Not Anticipated	35,920.84	
Due to Federal and State Grant Fund:		
Unappropriated Reserves	44,926.33	
Due Water Utility Operating Fund:		
Interfund Advanced	15,300.48	
Connections Fees Collected in Current Fund	3,989.86	
Due Sewer Utility Operating Fund:		
Interfund Advanced	25,212.33	
Due Other Trust Funds:		
Interfunds Advanced:		
Reserve for Accumulated Sick Leave Collected in Current Fund	200.00	
Developers' Escrow Collected in Current Fund	9,200.00	
Due General Capital Fund:		
Interfund Advanced	2.00	
Interest Earned	952.53	
Interfund Returned	79,089.52	
Due to the State of New Jersey:		
Marriage License Fees	25.00	
DCA Training Fees	991.00	
Veterans and Senior Citizens' Deductions	7,250.00	
Reserve for Municipal Relief Fund Aid	35,307.01	
Reserve for Sale of Municipal Assets	773,500.00	
	4,764,185.04	
		6,165,412.58

BOROUGH OF BRANCHVILLE  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER  
(Continued)

	<u>Ref.</u>	
Decreased by Disbursements:		
2022 Appropriation Expenditures	\$	656,321.47
2021 Appropriation Reserves		7,400.70
Local School Taxes		1,224,022.00
Regional High School Taxes		848,911.00
County Taxes		739,208.37
Reserve for Pending Tax Appeals		3,250.00
Due to General Capital Fund:		
Improvement Authorization Expenditures		79,089.52
Prior Year Interfund Returned		102,467.72
Due to Water Utility Operating Fund		18,300.48
Due to Sewer Utility Operating Fund		71,443.36
Due to Other Trust Funds		15,487.89
Due to Payroll Fund		309,765.00
Due from Federal and State Grant Fund:		
Appropriated Reserves		8,456.45
Due to the State of New Jersey:		
DCA Training Fees		2,308.00
Third Party Tax Title Liens		9,413.11
Refund of Prior Year Revenue		4,055.40
		4,099,900.47
Balance December 31, 2022	A	\$ 2,065,512.11

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

NOT APPLICABLE

FEDERAL AND STATE GRANT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

Year	Balance Dec. 31, 2021	Collections		NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2022
		2021	2022				
2021	\$ 35,720.95	\$	34,715.26	\$	6.03	\$	999.66
	35,720.95		34,715.26		6.03		999.66
2022		\$ 3,039,331.56	2,742,430.87	\$ 8,000.00	999.67	\$ 2,124.00	49,275.10
	\$ 35,720.95	\$ 3,039,331.56	\$ 2,777,146.13	\$ 8,000.00	\$ 1,005.70	\$ 2,124.00	\$ 50,274.76

Ref. A A

Analysis of 2022 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 3,024,000.16
Added, Omitted & Rollback Taxes	15,331.40
	<u>\$ 3,039,331.56</u>
Tax Levy:	
Local School District Taxes	\$ 1,224,022.00
Regional High School District Taxes	848,911.00
County Taxes	735,166.46
Due County for Added and Omitted Taxes	3,788.83
	<u>738,955.29</u>
	<u>2,811,888.29</u>
Local Tax for Municipal Purposes Levied	215,491.84
Additional Taxes Levied	11,951.43
	<u>227,443.27</u>
	<u>\$ 3,039,331.56</u>

BOROUGH OF BRANCHVILLE  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 12,230.57
Increased by:		
Transfer from Taxes Receivable		<u>2,124.00</u>
Balance December 31, 2022	A	<u>\$ 14,354.57</u>

BOROUGH OF BRANCHVILLE  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Accrued</u>	<u>Collected</u>
Licenses:		
Alcoholic Beverage Licenses	\$ 1,575.00	\$ 1,575.00
Fines and Costs:		
Municipal Court	3,904.25	3,904.25
Consolidated Municipal Property Tax Relief Aid	99,543.00	99,543.00
Energy Tax Receipts	577,304.00	577,304.00
Uniform Construction Code Fees	36,291.35	36,291.35
Verizon Cell Tower Rental Agreement	44,399.67	44,399.67
AT&T Cell Tower Rental Agreement	118,344.22	118,344.22
General Capital Fund Balance	25,000.00	25,000.00
	<u>\$ 906,361.49</u>	<u>\$ 906,361.49</u>

BOROUGH OF BRANCHVILLE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

	Budget Revenue Realized	Transferred From Unappropriated Reserves
	<u>          </u>	<u>          </u>
Clean Communities Grant - 2021	\$ 4,000.00	\$ 4,000.00
Recycling Tonnage Grant - 2021	5,566.50	5,566.50
	<u>\$ 9,566.50</u>	<u>\$ 9,566.50</u>

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

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Mayor and Council:				
Salaries & Wages	\$ 828.96	\$ 828.96		\$ 828.96
Other Expenses	943.29	943.29		943.29
Municipal Clerk:				
Salaries & Wages	820.54	820.54		820.54
Other Expenses	1,007.16	1,007.16		1,007.16
Financial Administration:				
Salaries & Wages	877.56	877.56		877.56
Annual Audit	1,175.00	1,175.00		1,175.00
Computerized Data Processing:				
Other Expenses	100.00	100.00		100.00
Revenue Administration (Tax Collection):				
Other Expenses	705.05	705.05		705.05
Tax Assessment Administration:				
Other Expenses	2,236.50			
Legal Services and Costs:				
Other Expenses - General	1,196.57	1,196.57		1,196.57
Engineering Services and Costs:				
Other Expenses	2,106.41			
Municipal Land Use Law				
Planning Board:				
Salaries & Wages	1,990.77	1,990.77		1,990.77
Other Expenses	1,307.00	1,307.00		1,307.00
General Liability Insurance	2,859.04	1,904.79		1,904.79
Group Insurance Plan for Employees				
Other Expenses	1,767.26	6,500.70	\$ 6,500.70	
Constable:				
Salaries & Wages	1.00	1.00		1.00
Emergency Management Services:				
Salaries & Wages	388.67	388.67		388.67
Other Expenses	885.91	885.91		885.91
Aid to Volunteer Fire Company	500.00	500.00		500.00
Fire:				
Fire Hydrant Services	125.00	125.00		125.00
Street and Road Repairs and Maintenance:				
Other Expenses	336.28	900.00	900.00	
Sanitation - Trash Removal:				
Other Expenses	1,113.64	1,113.64		1,113.64
Public Building and Grounds:				
Salaries & Wages	14.48	14.48		14.48
Other Expenses	2,819.53	2,819.53		2,819.53
Board of Health:				
Salaries & Wages	1.00	1.00		1.00
Other Expenses	250.00	250.00		250.00

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

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Animal Control:				
Salaries & Wages	\$ 500.00	\$ 500.00		\$ 500.00
Other Expenses	500.00	500.00		500.00
Aid to Social Services:				
Other Expenses	1,965.00	1,965.00		1,965.00
Board of Recreation Commissioners:				
Salaries & Wages	1.00	1.00		1.00
Construction Code Official:				
Other Expenses	185.00	185.00		185.00
Unclassified:				
Electricity	275.81	275.81		275.81
Street Lighting	976.08	976.08		976.08
Fuel Oil	1,436.79	1,436.79		1,436.79
Reserve for Sick Leave Benefits	200.00	200.00		200.00
Contributions to:				
Unemployment Compensation Insurance	2,000.00	2,000.00		2,000.00
Shared Service Agreement:				
Fire:				
Salaries & Wages	1.00	1.00		1.00
Other Expenses	1.00	1.00		1.00
Municipal Court - Borough Share	552.00	552.00		552.00
"911" Communication System	18.00	18.00		18.00
Electrical/Plumbing Inspections	1,090.00	1,090.00		1,090.00
Dog Regulation - Wantage Township	29.00	29.00		29.00
State and Federal Programs Offset by Revenues:				
Municipal Drug Alliance - Local Match	1,100.00	1,100.00		1,100.00
Capital Improvements:				
Purchase of Fire Equipment	1,500.00	1,500.00		1,500.00
Improvements to Municipal Property	25,544.50	25,544.50		25,544.50
Improvements to Computers	6,500.00	6,500.00		6,500.00
	<u>\$ 70,731.80</u>	<u>\$ 70,731.80</u>	<u>\$ 7,400.70</u>	<u>\$ 63,331.10</u>
<u>Balance December 31, 2021:</u>		<u>Ref.</u>		
Unencumbered		A	<u>\$ 70,731.80</u>	
			<u>\$ 70,731.80</u>	

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

Increased by:		
Levy - Calendar Year 2022	\$	1,224,022.00
Decreased by:		
Payments to Local School District	\$	<u>1,224,022.00</u>

BOROUGH OF BRANCHVILLE  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2022

Increased by:		
Levy - Calendar Year 2022	\$	848,911.00
Decreased by:		
Payments to Regional School District	\$	<u>848,911.00</u>

BOROUGH OF BRANCHVILLE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2021	Transferred from Budget Appropriations	Expended	Balance Dec. 31, 2022
Recycling Tonnage Grant:				
2019	\$ 2,407.09		\$ 2,407.09	
2020	5,762.22		3,386.49	\$ 2,375.73
2021		\$ 5,566.50		5,566.50
Alcohol Education and Rehabilitation Fund - 2018	581.23			581.23
Stormwater Management Reserve	7.48			7.48
Clean Communities Grant:				
2019	581.74		581.74	
2020	4,000.00		2,081.13	1,918.87
2021		4,000.00		4,000.00
	\$ 13,339.76	\$ 9,566.50	\$ 8,456.45	\$ 14,449.81
<u>Ref.</u>	A			A
Cash Disbursed in Current Fund			\$ 8,456.45	
			\$ 8,456.45	

BOROUGH OF BRANCHVILLE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2021	Cash Received	Transferred to Grants Receivable	Balance Dec. 31, 2022
Alcohol Education and Rehabilitation Fund		\$ 157.93		\$ 157.93
Clean Communities Grant:				
2021	\$ 4,000.00		\$ 4,000.00	
2022		4,000.00		4,000.00
American Rescue Plan Grant	40,768.40	40,768.40		81,536.80
Recycling Tonnage Grant:				
2021	5,566.50		5,566.50	
	\$ 50,334.90	\$ 44,926.33	\$ 9,566.50	\$ 85,694.73

Ref.

A

A

Cash Received in Current Fund	\$ 44,926.33
	\$ 44,926.33

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
TRUST FUNDS

BOROUGH OF BRANCHVILLE  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>		<u>Other Trust Funds</u>
Balance December 31, 2021 (as Restated)	B	\$ 3,162.68		\$ 80,539.95
Increased by Receipts:				
Borough Dog License Fees		\$ 1,171.40		
Penalties on Dog License Fees		13.00		
Prepaid Licenses		43.00		
State Dog License Fees		228.60		
Due Current Fund:				
Interest Earned		17.08	\$	34.40
Reserve for:				
Affordable Housing				7.78
		<u>1,473.08</u>		<u>42.18</u>
Decreased by Disbursements:				
Animal Control Expenditures		1,113.00		
Due to State of New Jersey Animal Control		<u>228.60</u>		
		<u>1,341.60</u>		
Balance December 31, 2022	B	<u><u>\$ 3,294.16</u></u>		<u><u>\$ 80,582.13</u></u>

BOROUGH OF BRANCHVILLE  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2021	B	\$ 2,622.40
Increased by:		
Dog License Fees		\$ 1,171.40
Penalties on Dog License Fees		13.00
		1,184.40
		3,806.80
Decreased by:		
Expenditures Under R.S. 4:19-15.11		1,113.00
	B	1,113.00
Balance December 31, 2022		\$ 2,693.80

<u>License Fees Collected</u>	
2020	\$ 1,337.60
2021	1,940.40
	3,278.00
Maximum Allowable Reserve	\$ 3,278.00

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
GENERAL CAPITAL FUND

BOROUGH OF BRANCHVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 154,295.56
Increased by:		
Due from/to Current Fund:		
Interest Earned	\$ 952.53	
Capital Improvement Fund	10,000.00	
Reserve for Street Lights	20,000.00	
Reserve for Road Equipment	15,000.00	
Reserve for Fire Equipment	4,800.00	
Reserve for Fire Truck	10,000.00	
Prior Year Interfund Returned	102,467.72	
Deferred Charges to Future Taxation - Unfunded	28,077.00	
	<hr/>	<hr/>
		191,297.25
		<hr/>
		345,592.81
Decreased by:		
Due to Current Fund:		
Interest Earned	952.53	
Interfund Returned	2.00	
General Capital Fund Balance Anticipated	25,000.00	
Improvement Authorization Expenditures	79,089.52	
	<hr/>	<hr/>
		105,044.05
		<hr/>
Balance December 31, 2022	C	<u><u>\$ 240,548.76</u></u>

BOROUGH OF BRANCHVILLE  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2021	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2022
		Budget Appropriation	Miscellaneous	Miscellaneous		From	To	
Capital Fund Balance	\$ 40,376.48			\$ 25,000.00				\$ 15,376.48
Capital Improvement Fund	136,116.58	\$ 10,000.00			\$ 42,500.00			103,616.58
Reserve for:								
Improvements to Various Roads	37,500.00							37,500.00
Road Equipment	57,710.17		\$ 15,000.00					72,710.17
Street Lights	115,000.00		20,000.00					135,000.00
Fire Equipment	15,000.00		4,800.00					19,800.00
Fire Truck			10,000.00					10,000.00
Due Other Trust Fund	(20,000.00)							(20,000.00)
Due Current Fund	(102,467.72)		103,420.25	80,044.05		\$ 79,089.52		(2.00)
Encumbrances Payable						250,000.00		250,000.00
Ord. No.								
04-20	Improvements to Borough Property							(34,686.46)
05-20	Acquisition/Installation of Generators	28,077.00			78,339.52			(140,516.01)
06-22	Acquisition of a New Street Sweeper				250,000.00	12,500.00		(237,500.00)
10-22	Acquisition of Land				750.00	30,000.00		29,250.00
		\$ 38,077.00	\$ 153,220.25	\$ 105,044.05	\$ 371,589.52	\$ 371,589.52		\$ 240,548.76



BOROUGH OF BRANCHVILLE  
 GENERAL CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance	Amount	Balance Dec. 31, 2021 Unfunded	2022 Authorizations		Paid or Changed	Balance Dec. 31, 2022	
						Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded		Funded	Unfunded
04-20	Improvements to Borough Property	10/07/20	\$ 300,000.00		\$ 250,313.54					\$ 250,313.54
05-20	Acquisition/Installation of Generators	10/07/20	250,000.00		147,246.51		\$ 78,339.52			68,906.99
06-22	Acquisition of a New Street Sweeper	06/01/22	250,000.00			\$ 237,500.00	250,000.00			
10-22	Acquisition of Land	10/05/22	30,000.00			30,000.00	750.00		\$ 29,250.00	
					\$ 397,560.05	\$ 42,500.00	\$ 329,089.52		\$ 29,250.00	\$ 319,220.53
				<u>Ref.</u>	C		<u>Ref.</u>		C	C
							Due to Current Fund	\$ 79,089.52		
							Encumbrances	C 250,000.00		
										\$ 329,089.52

BOROUGH OF BRANCHVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 136,116.58
Increased by:		
2022 Budget Appropriation		<u>10,000.00</u>
		146,116.58
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>42,500.00</u>
Balance December 31, 2022	C	<u><u>\$ 103,616.58</u></u>

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

NOT APPLICABLE

BOROUGH OF BRANCHVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

NOT APPLICABLE

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

Ord. No.	Improvement Description	Balance Dec. 31, 2021	2022		Funded by		Balance Dec. 31, 2022
			Improvement Authorizations		Budget Appropriation		
04-20	Improvements to Borough Property	\$ 285,000.00					\$ 285,000.00
05-20	Acquisition/Installation of Generators	237,500.00			\$ 28,077.00		209,423.00
06-22	Acquisition of a New Street Sweeper		\$ 237,500.00				237,500.00
		<u>\$ 522,500.00</u>	<u>\$ 237,500.00</u>		<u>\$ 28,077.00</u>		<u>\$ 731,923.00</u>

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
WATER UTILITY FUND

BOROUGH OF BRANCHVILLE  
WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2021	D	\$ 133,364.98	\$ 130,547.53
Increased by Receipts:			
Water Rents		\$ 90,236.04	
Prepaid/Overpaid Water Rents		2,826.37	
Interest on Deposits		492.01	
Miscellaneous Revenue		3,893.83	
Due Sewer Utility Operating Fund:			
Interest on Deposits			\$ 525.58
		<u>97,448.25</u>	<u>525.58</u>
		230,813.23	131,073.11
Decreased by Disbursements:			
2022 Budget Appropriations		93,346.57	
2021 Appropriation Reserves		350.00	
Due from Water Utility Capital Fund		48,575.89	
Due from Current Fund		15,300.48	
Improvement Authorization Expenditures			23,958.48
		<u>157,572.94</u>	<u>23,958.48</u>
Balance December 31, 2022	D	<u>\$ 73,240.29</u>	<u>\$ 107,114.63</u>

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

NOT APPLICABLE

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

	Balance/ (Deficit) Dec. 31, 2021	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2022
		Miscellaneous		Improvement Authorizations		From	To	
Capital Improvement Fund	\$ 219,030.90							\$ 219,030.90
Reserve for Capital Outlay	1,916.97				\$ 1,916.97			
Fund Balance	29,351.90				25,000.00		\$ 1,916.97	6,268.87
Due Water Utility Operating Fund	36,579.76	\$ 525.58					38,575.89	75,681.23
Due Current Fund Fund	(75,000.00)							(75,000.00)
<b>Ord.</b>								
<b>No.</b>								
07-17	Improvements to Water Supply & Distribution System	(160,000.00)					35,000.00	(125,000.00)
06-21	Improvements to Water Supply & Distribution System	78,668.00		\$ 23,958.48	48,575.89			6,133.63
		\$ 130,547.53	\$ 525.58	\$ 23,958.48	\$ 75,492.86		\$ 75,492.86	\$ 107,114.63

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

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 5,611.33
Increased by:		
Water Rent Billings		94,239.88
		99,851.21
Decreased by:		
Collections:		
Water Rents		\$ 90,236.04
Prepaid/Overpaid Water Rents Applied		3,383.17
		93,619.21
Balance December 31, 2022	D	\$ 6,232.00

BOROUGH OF BRANCHVILLE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Water Diversion Right of Way	\$ 10,000.00	10,000.00
Land	38,803.01	38,803.01
Plant	6,509.03	6,509.03
Distribution Mains and Accessories	352,357.48	352,357.48
Meters, Meter Boxes and Vaults	15,496.52	15,496.52
Fire Hydrants and Fire Cisterns	1,074.42	1,074.42
Equipment	9,641.44	9,641.44
Diversion Dam and Repairs	10,758.20	10,758.20
Engineering Study and Water Reservoir	22,742.86	22,742.86
Pilot Study - Water Infiltration	11,000.00	11,000.00
Digging Well, Purchase Pump Housing and Distribution Lines	54,804.43	54,804.43
Pumps	13,132.58	13,132.58
Purchase and Installation of By-Pass	2,866.28	2,866.28
Purchase and Repair of Chlorination System and Building	21,317.70	21,317.70
Improvements to Water Basin and Reservoir	41,941.33	41,941.33
Water Survey	2,500.00	2,500.00
Water Storage Tank	824,130.47	824,130.47
Water Main Improvements	51,250.21	51,250.21
Well House	400,000.00	400,000.00
Improvements to Well #1	23,500.00	23,500.00
Improvements to Well #2	280,000.00	280,000.00
Painting of Water Tower	70,000.00	70,000.00
	<u>2,263,825.96</u>	<u>\$ 2,263,825.96</u>

Ref.

D

D

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

Ord. No.	Improvement Description	Balance Dec. 31, 2021	Balance Dec. 31, 2022
06-21	Improvements and Repairs of Water System	\$ 100,000.00	100,000.00
		<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>
	<u>Ref.</u>	D	D

BOROUGH OF BRANCHVILLE  
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 & Wages	\$ 1,570.64	\$ 1,570.64		\$ 1,570.64
Other Expenses	6,321.07	6,321.07	\$ 350.00	5,971.07
Capital Improvements:				
Capital Outlay	33,358.75	33,358.75		33,358.75
Statutory Expenditures:				
Social Security System (OASI)	1,700.00	1,700.00		1,700.00
	<u>\$ 42,950.46</u>	<u>\$ 42,950.46</u>	<u>\$ 350.00</u>	<u>\$ 42,600.46</u>

	<u>Ref.</u>	
<u>Balance December 31, 2021</u>		
Encumbered	D	\$ 3,366.25
Unencumbered	D	<u>39,584.21</u>
		<u>\$ 42,950.46</u>

BOROUGH OF BRANCHVILLE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2022

Ord. No.	Improvement Description	Ordinance		Balance		Paid or		Balance	
		Date	Amount	Dec. 31, 2021 Funded		Charged		Dec. 31, 2022 Funded	
06-21	Improvements and Repairs of Water System	07/07/21	\$ 100,000.00	\$ 78,668.00		\$ 72,534.37		\$ 6,133.63	
				\$ 78,668.00		\$ 72,534.37		\$ 6,133.63	
		<u>Ref.</u>		D				D	
				Cash Disbursed		\$ 23,958.48			
				Due to Water Utility Operating Fund		48,575.89			
						\$ 72,534.37			

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

	<u>Ref.</u>	
Balance December 31, 2021	D	<u>\$ 219,030.90</u>
Balance December 31, 2022	D	<u><u>\$ 219,030.90</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 2,103,825.96
Increased by:		
Budget Appropriation		<u>35,000.00</u>
Balance December 31, 2022	D	<u><u>\$ 2,138,825.96</u></u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Date of</u> <u>Ordinance</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
06-21	Improvements and Repairs of Water System	07/07/21	\$ 100,000.00	\$ 100,000.00
			<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>
		<u>Ref.</u>	D	D

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

NOT APPLICABLE

BOROUGH OF BRANCHVILLE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF BRANCHVILLE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2021	Paid by Budget Appropriation	Balance Dec. 31, 2022
04-17	Improvements to Well #2	\$ 160,000.00	\$ 35,000.00	\$ 125,000.00
		<u>\$ 160,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 125,000.00</u>

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
SEWER UTILITY FUND

BOROUGH OF BRANCHVILLE  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2021	E	\$ 76,494.54	\$ 312,965.03
Increased by Receipts:			
Sewer Rents		\$ 779,598.34	
Interest on Sewer Rents		1,653.33	
Prepaid/Overpaid Sewer Rents		8,320.48	
Due Sewer Utility Operating Fund:			
Interfund Advanced		50,000.00	
Interest on Investments		2,586.37	
		<u>842,158.52</u>	<u>\$ 1,171.94</u>
		918,653.06	<u>1,171.94</u>
			<u>314,136.97</u>
Decreased by Disbursements:			
2022 Budget Appropriations		699,293.93	
Accrued Interest on Loans		95,327.80	
Due Current Fund:			
Interfund Advanced		25,212.33	
Interfund Advanced - Payroll		55,000.00	
		<u>874,834.06</u>	<u>60,000.00</u>
			<u>60,000.00</u>
Balance December 31, 2022	E	<u>\$ 43,819.00</u>	<u>\$ 254,136.97</u>

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

NOT APPLICABLE

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2021	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2022
		Miscellaneous		Miscellaneous		From	To	
Capital Improvement Fund	\$ 15,000.00							
Due to Sewer Utility Operating Fund	30,755.55	\$ 1,171.94			\$ 15,000.00	\$ 15,000.00		\$ 30,000.00
Due from Current Fund	(165,000.00)					48,298.00		65,225.49
Due from Payroll Fund			\$ 60,000.00					(165,000.00)
Reserve for Capital Outlay	239,217.44							(60,000.00)
Reserve for Debt Service	607,624.78				464,059.18			239,217.44
								143,565.60
Ord. No.		Improvement Description						
04-06	1,128.44							1,128.44
10-06	(415,761.18)					415,761.18		
	\$ 312,965.03	\$ 1,171.94	\$ 60,000.00	\$ 479,059.18	\$ 479,059.18	\$ 479,059.18	\$ 254,136.97	

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

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 40,621.26
Increased by:		
Sewer Rents		762,912.13
		<u>803,533.39</u>
Decreased by:		
Collections:		
Sewer Rents		\$ 779,598.34
Prepaid/Overpaid Sewer Rents Applied		5,960.37
		<u>785,558.71</u>
Balance December 31, 2022	E	<u>\$ 17,974.68</u>

BOROUGH OF BRANCHVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER LIENS RECEIVABLE

NOT APPLICABLE

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Distribution Mains and Accessories	<u>\$ 4,985,000.00</u>	<u>\$ 4,985,000.00</u>
	<u>Ref.</u> E	E

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

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	\$ 38,803.08	\$ 38,803.08		\$ 38,803.08
	<u>\$ 38,803.08</u>	<u>\$ 38,803.08</u>	<u>\$ -0-</u>	<u>\$ 38,803.08</u>
		<u>Ref.</u>		
<u>Balance December 31, 2021</u>				
Unencumbered	E \$ 38,803.08			
	<u>\$ 38,803.08</u>			

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

Ord. No.	Improvement Description	Balance Dec. 31, 2021	Balance Dec. 31, 2022
04-06	Construction of Sewer System	\$ 405,059.80	\$ 405,059.80
10-06	Construction of Sewer System	<u>2,595,000.00</u>	<u>2,595,000.00</u>
		<u>\$ 3,000,059.80</u>	<u>\$ 3,000,059.80</u>
	<u>Ref.</u>	E	E

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2021		Balance Dec. 31, 2022	
		Date	Amount	Funded	Unfunded	Funded	Unfunded
04-06	Construction of Sewer System	08/14/04	\$ 405,059.80	\$ 1,128.44		\$ 1,128.44	
10-06	Construction of Sewer System	10/20/10	2,595,000.00		\$ 422,238.82		\$ 422,238.82
				\$ 1,128.44	\$ 422,238.82	\$ 1,128.44	\$ 422,238.82
		<u>Ref.</u>		E	E	E	E

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

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 15,000.00
Increased by:		
Budget Appropriation		<u>15,000.00</u>
Balance December 31, 2022	E	<u>\$ 30,000.00</u>

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

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 2,954,381.30
Increased by:		
USDA Loans Payable		
Paid by Utility Operating Budget		\$ 67,970.20
Authorized but Not Issued Paid by Budget Appropriation		<u>415,761.18</u>
		<u>483,731.38</u>
		<u>3,438,112.68</u>
Balance December 31, 2022	E	<u>\$ 3,438,112.68</u>

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2022

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2021</u>	<u>Balance Dec. 31, 2022</u>
04-06	Construction of a Sewer System	08/18/04	<u>\$ 424,059.80</u>	<u>\$ 424,059.80</u>
			<u>\$ 424,059.80</u>	<u>\$ 424,059.80</u>
		<u>Ref.</u>	E	E

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SEWER CAPITAL SERIAL BONDS PAYABLE

NOT APPLICABLE

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF USDA LOANS PAYABLE

	<u>Ref.</u>	<u>Total</u>	<u>Loan #1</u>	<u>Loan #2</u>
Balance December 31, 2021	E	\$ 3,768,618.70	\$ 1,576,442.70	\$ 2,192,176.00
Decreased by:				
Loans Paid by Operating Budget		<u>67,970.20</u>	<u>30,048.11</u>	<u>37,922.09</u>
Balance December 31, 2022	E	<u><u>\$ 3,700,648.50</u></u>	<u><u>\$ 1,546,394.59</u></u>	<u><u>\$ 2,154,253.91</u></u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE  
LOAN #1 OUTSTANDING DECEMBER 31, 2022

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 1,546,394.59
13	3/2/23	\$ 17,396.94	\$ 15,278.06	1,531,116.53
14	9/2/23	17,225.06	15,449.94	1,515,666.59
15	3/2/24	17,051.25	15,623.75	1,500,042.84
16	9/2/24	16,875.48	15,799.52	1,484,243.32
17	3/2/25	16,697.74	15,977.26	1,468,266.06
18	9/2/25	16,517.99	16,157.01	1,452,109.05
19	3/2/26	16,336.23	16,338.77	1,435,770.28
20	9/2/26	16,152.42	16,522.58	1,419,247.70
21	3/2/27	15,966.54	16,708.46	1,402,539.24
22	9/2/27	15,778.57	16,896.43	1,385,642.81
23	3/2/28	15,588.48	17,086.52	1,368,556.29
24	9/2/28	15,396.26	17,278.74	1,351,277.55
25	3/2/29	15,201.87	17,473.13	1,333,804.42
26	9/2/29	15,005.30	17,669.70	1,316,134.72
27	3/2/30	14,806.52	17,868.48	1,298,266.24
28	9/2/30	14,605.49	18,069.51	1,280,196.73
29	3/2/31	14,402.21	18,272.79	1,261,923.94
30	9/2/31	14,196.64	18,478.36	1,243,445.58
31	3/2/32	13,988.76	18,686.24	1,224,759.34
32	9/2/32	13,778.54	18,896.46	1,205,862.88
33	3/2/33	13,565.96	19,109.04	1,186,753.84
34	9/2/33	13,350.98	19,324.02	1,167,429.82
35	3/2/34	13,133.59	19,541.41	1,147,888.41

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF USDA LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE  
LOAN #1 OUTSTANDING DECEMBER 31, 2022

Payment Number	Maturity Date	Interest	Principal	Balance of Loan
36	9/2/34	\$ 12,913.74	\$ 19,761.26	\$ 1,128,127.15
37	3/2/35	12,691.43	19,983.57	1,108,143.58
38	9/2/35	12,466.62	20,208.38	1,087,935.20
39	3/2/36	12,239.27	20,435.73	1,067,499.47
40	9/2/36	12,009.37	20,665.63	1,046,833.84
41	3/2/37	11,776.88	20,898.12	1,025,935.72
42	9/2/37	11,541.78	21,133.22	1,004,802.50
43	3/2/38	11,304.03	21,370.97	983,431.53
44	9/2/38	11,063.60	21,611.40	961,820.13
45	3/2/39	10,820.48	21,854.52	939,965.61
46	9/2/39	10,574.61	22,100.39	917,865.22
47	3/2/40	10,325.98	22,349.02	895,516.20
48	9/2/40	10,074.56	22,600.44	872,915.76
49	3/2/41	9,820.30	22,854.70	850,061.06
50	9/2/41	9,563.19	23,111.81	826,949.25
51	3/2/42	9,303.18	23,371.82	803,577.43
52	9/2/42	9,040.25	23,634.75	779,942.68
53	3/2/43	8,774.35	23,900.65	756,042.03
54	9/2/43	8,505.47	24,169.53	731,872.50
55	3/2/44	8,233.57	24,441.43	707,431.07
56	9/2/44	7,958.60	24,716.40	682,714.67
57	3/2/45	7,680.54	24,994.46	657,720.21
58	9/2/45	7,399.35	25,275.65	632,444.56
59	3/2/46	7,115.00	25,560.00	606,884.56
60	9/2/46	6,827.45	25,847.55	581,037.01
61	3/2/47	6,536.67	26,138.33	554,898.68
62	9/2/47	6,242.61	26,432.39	528,466.29
63	3/2/48	5,945.23	26,729.77	501,736.52
64	9/2/48	5,644.54	27,030.46	474,706.06
65	3/2/49	5,340.44	27,334.56	447,371.50
66	9/2/49	5,032.93	27,642.07	419,729.43
67	3/2/50	4,721.96	27,953.04	391,776.39
68	9/2/50	4,407.48	28,267.52	363,508.87
69	3/2/51	4,089.47	28,585.53	334,923.34

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF USDA LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE  
LOAN #1 OUTSTANDING DECEMBER 31, 2022

Payment Number	Maturity Date	Interest	Principal	Balance of Loan
70	9/2/51	\$ 3,767.89	\$ 28,907.11	\$ 306,016.23
71	3/2/52	3,442.68	29,232.32	276,783.91
72	9/2/52	3,113.82	29,561.18	247,222.73
73	3/2/53	2,781.26	29,893.74	217,328.99
74	9/2/53	2,444.95	30,230.05	187,098.94
75	3/2/54	2,104.86	30,570.14	156,528.80
76	9/2/54	1,760.95	30,914.05	125,614.75
77	3/2/55	1,413.17	31,261.83	94,352.92
78	9/2/55	1,061.47	31,613.53	62,739.39
79	3/2/56	705.82	31,969.18	30,770.21
80	9/2/56	346.16	30,770.21	-0-
		<u>\$ 673,946.78</u>	<u>\$ 1,546,394.59</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE  
LOAN #2 OUTSTANDING DECEMBER 31, 2022

Payment Number	Maturity Date	Interest	Principal	Balance of Loan
				\$ 2,154,253.91
13	3/2/23	\$ 29,620.99	\$ 19,353.01	2,134,900.90
14	9/2/23	29,350.89	19,623.11	2,115,277.79
15	3/2/24	29,085.12	19,888.88	2,095,388.91
16	9/2/24	28,811.65	20,162.35	2,075,226.56
17	3/2/25	28,534.42	20,439.58	2,054,786.98
18	9/2/25	28,253.38	20,720.62	2,034,066.36
19	3/2/26	27,968.47	21,005.53	2,013,060.83
20	9/2/26	27,679.64	21,294.36	1,991,766.47
21	3/2/27	27,386.84	21,587.16	1,970,179.31
22	9/2/27	27,090.02	21,883.98	1,948,295.33
23	3/2/28	26,789.12	22,184.88	1,926,110.45
24	9/2/28	26,484.07	22,489.93	1,903,620.52
25	3/2/29	26,174.84	22,799.16	1,880,821.36
26	9/2/29	25,861.35	23,112.65	1,857,708.71

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF USDA LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE  
LOAN #2 OUTSTANDING DECEMBER 31, 2022

Payment Number	Maturity Date	Interest	Principal	Balance of Loan
27	3/2/30	\$ 25,543.55	\$ 23,430.45	\$ 1,834,278.26
28	9/2/30	25,221.38	23,752.62	1,810,525.64
29	3/2/31	24,894.78	24,079.22	1,786,446.42
30	9/2/31	24,563.69	24,410.31	1,762,036.11
31	3/2/32	24,228.05	24,745.95	1,737,290.16
32	9/2/32	23,887.79	25,086.21	1,712,203.95
33	3/2/33	23,542.86	25,431.14	1,686,772.81
34	9/2/33	23,193.18	25,780.82	1,660,991.99
35	3/2/34	22,838.70	26,135.30	1,634,856.69
36	9/2/34	22,479.33	26,494.67	1,608,362.02
37	3/2/35	22,115.03	26,858.97	1,581,503.05
38	9/2/35	21,745.72	27,228.28	1,554,274.77
39	3/2/36	21,371.33	27,602.67	1,526,672.10
40	9/2/36	20,991.80	27,982.20	1,498,689.90
41	3/2/37	20,607.04	28,366.96	1,470,322.94
42	9/2/37	20,217.00	28,757.00	1,441,565.94
43	3/2/38	19,821.59	29,152.41	1,412,413.53
44	9/2/38	19,420.74	29,553.26	1,382,860.27
45	3/2/39	19,014.38	29,959.62	1,352,900.65
46	9/2/39	18,602.44	30,371.56	1,322,529.09
47	3/2/40	18,184.83	30,789.17	1,291,739.92
48	9/2/40	17,761.48	31,212.52	1,260,527.40
49	3/2/41	17,332.31	31,641.69	1,228,885.71
50	9/2/41	16,897.23	32,076.77	1,196,808.94
51	3/2/42	16,456.18	32,517.82	1,164,291.12
52	9/2/42	16,009.06	32,964.94	1,131,326.18
53	3/2/43	15,555.79	33,418.21	1,097,907.97
54	9/2/43	15,096.29	33,877.71	1,064,030.26
55	3/2/44	14,630.47	34,343.53	1,029,686.73
56	9/2/44	14,158.25	34,815.75	994,870.98
57	3/2/45	13,679.53	35,294.47	959,576.51
58	9/2/45	13,194.23	35,779.77	923,796.74
59	3/2/46	12,702.26	36,271.74	887,525.00
60	9/2/46	12,203.52	36,770.48	850,754.52

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF USDA LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - USDA LOANS PAYABLE  
LOAN #2 OUTSTANDING DECEMBER 31, 2022

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
61	3/2/47	\$ 11,697.93	\$ 37,276.07	\$ 813,478.45
62	9/2/47	11,185.38	37,788.62	775,689.83
63	3/2/48	10,665.79	38,308.21	737,381.62
64	9/2/48	10,139.05	38,834.95	698,546.67
65	3/2/49	9,605.07	39,368.93	659,177.74
66	9/2/49	9,063.75	39,910.25	619,267.49
67	3/2/50	8,514.98	40,459.02	578,808.47
68	9/2/50	7,958.67	41,015.33	537,793.14
69	3/2/51	7,394.71	41,579.29	496,213.85
70	9/2/51	6,823.00	42,151.00	454,062.85
71	3/2/52	6,243.42	42,730.58	411,332.27
72	9/2/52	5,655.87	43,318.13	368,014.14
73	3/2/53	5,060.25	43,913.75	324,100.39
74	9/2/53	4,456.44	44,517.56	279,582.83
75	3/2/54	3,844.32	45,129.68	234,453.15
76	9/2/54	3,223.79	45,750.21	188,702.94
77	3/2/55	2,594.72	46,379.28	142,323.66
78	9/2/55	1,957.01	47,016.99	95,306.67
79	3/2/56	1,310.52	47,663.48	47,643.19
80	9/2/56	655.15	47,643.19	-0-
		<u>\$ 1,175,302.43</u>	<u>\$ 2,154,253.91</u>	

BOROUGH OF BRANCHVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2021	Notes Paid by Budget Appropriation	Balance Dec. 31, 2022
10-06	Construction of Sewer System	\$ 838,000.00	\$ 415,761.18	\$ 422,238.82
		<u>\$ 838,000.00</u>	<u>\$ 415,761.18</u>	<u>\$ 422,238.82</u>

BOROUGH OF BRANCHVILLE  
COUNTY OF SUSSEX  
2022  
PUBLIC ASSISTANCE FUND

BOROUGH OF BRANCHVILLE  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2021	F	\$ 2,871.42
Increased by Receipts:		
Interest Earned		<u>11.58</u>
Balance December 31, 2022	F	<u><u>\$ 2,883.00</u></u>

BOROUGH OF BRANCHVILLE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2022

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

Name of Federal Agency or Department	Name of Program/ State Account #/ Cluster Title	Pass Through Entity ID	Assistance Listing Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures	Amount Provided to Subrecipients
				From	To					
U.S. Department of Treasury: (Passed through New Jersey Department of Community Affairs)	COVID 19 - American Rescue Plan Grant Coronavirus State and Local Government Fiscal Recovery Funds	100-022-8030 687-046010	21.027	03/03/21	12/31/24	\$ 81,536.80	\$ 40,768.40			
Total U.S. Department of Treasury							40,768.40			
U.S. Department of Homeland Security (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA: Winter Storm Orleana	100-066-1200 C80-066290	97.036	01/01/22	12/31/22	2,095.38	2,095.38	\$ 2,095.38 *	\$ 2,095.38	
Total U.S. Department of Homeland Security							2,095.38	2,095.38	2,095.38	
Total Federal Awards							\$ 42,863.78	\$ 2,095.38	\$ 2,095.38	\$ -0-

\* Expended in a Prior Period

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

Name of State Agency or Department	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures
		From	To				
<u>Department of Environmental Protection:</u>							
Clean Communities Act:							
2020	765-042-4900-	01/01/20	12/31/22	\$ 4,000.00	\$ 581.74	\$ 4,000.00	
2021	004-V42Y-6020	01/01/21	12/31/23	4,000.00	2,081.13	2,081.13	
2022		01/01/22	12/31/23	4,000.00			
				<u>4,000.00</u>	<u>2,662.87</u>	<u>6,081.13</u>	
Recycling Tonnage Grant:							
2020	752-042-4900-	01/01/21	12/31/22	5,762.22	2,407.09	5,762.22	
2021	001-6010	01/01/21	12/31/23	5,762.22	3,386.49	3,386.49	
					<u>5,793.58</u>	<u>9,148.71</u>	
				<u>4,000.00</u>	<u>8,456.45</u>	<u>15,229.84</u>	
<u>Department of Health and Senior Services:</u>							
Alcohol Education and Rehabilitation Fund:							
2022	760-098-9735-	01/01/22	12/31/22	157.93	157.93		
	789-6010						
				<u>157.93</u>			
Total State Awards							
				<u>\$ 4,157.93</u>	<u>\$ 8,456.45</u>	<u>\$ 15,229.84</u>	

SEE ACCOMPANYING NOTES TO EXPENDITURES OF FEDERAL AND STATE AWARDS

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

Note 1. 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 Branchville 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 the 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 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the 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 3. 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 4. UNITED STATES DEPARTMENT OF AGRICULTURE LOANS PAYABLE

At December 31, 2022, the Borough has \$1,546,394.59 and \$2,154,253.91 of USDA Loans Payable outstanding which are recorded in the Sewer Capital Utility Fund. The projects which relate to these loans are complete, and the Borough is repaying the loan balances. There were no loan receipts or expenditures in the current year.

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 Auditor's Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Branchville  
Branchville, 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 Branchville, in the County of Sussex (the "Borough") as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated May 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.

**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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 Branchville  
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 result 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  
May 24, 2023

NISIVOCCIA, LLP

*Andrew Kucinski*

Andrew Kucinski  
Registered Municipal Accountant No. 583  
Certified Public Accountant

BOROUGH OF BRANCHVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Borough's financial statements, 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.
- A significant deficiency disclosed during the audit of the financial statements is 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 Borough 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 the year ended December 31, 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 of the Borough are responsible for the issuance and collection of permits, licenses and court fines and costs; and recording of collections. The reconciliation of certain bank accounts and the preparation of the general ledger for the various funds are performed by the Chief Financial Officer.

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 BRANCHVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2022  
(Continued)

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 (Cont'd)

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:

It is recommended that an adequate segregation of duties is maintained with respect to the recording and treasury functions.

Management's Response:

Administration has taken several measures in recent years to improve internal controls. All funds received directly in any department are turned over daily to the Collections department with a prenumbered receipt. In addition, monthly reports to the Chief Financial Officer are required by the other departments.

Findings and Responses for Federal Awards:

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

Findings and Responses for State Awards:

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

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

The Borough's prior year audit finding 2021-001 regarding segregation of duties has not been resolved due to budget constraints and is included as finding 2022-001 on the Schedule of Findings and Responses.

BOROUGH OF BRANCHVILLE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

BOROUGH OF BRANCHVILLE  
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 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 Branchville has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney'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 authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S.A. 40A:11-5.

BOROUGH OF BRANCHVILLE  
COMMENTS AND RECOMMENDATIONS  
 (Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 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, Assessments and Utility Charges

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

On January 5, 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 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. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be assessed on delinquencies in excess of \$10,000 at year end.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on April 27, 2022 and was complete with respect to all items eligible for sale.

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

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	2
2021	2
2020	2

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2022 and 2023 Taxes	20
Delinquent Taxes	15
Payment of 2022 Water Utility Charges	10
Delinquent Water Utility Charges	15
Payment of 2022 Sewer Utility Charges	10
Delinquent Sewer Utility Charges	15
Tax Title Liens	1

BOROUGH OF BRANCHVILLE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

Verification notices were mailed to confirm balances as of December 31, 2022. The items that were returned were compared to and are in agreement with the Borough's records. For receivable items not returned, the receivable balance was agreed to the subsequent receipt. For other items not returned, alternative procedures were performed.

N.J.A.C. Accounting Requirements

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

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

The Borough is currently in compliance with all of these accounting requirements.

Treasurer's Records

Our audit of the Treasurer's records revealed that:

1. Reconciling items between the Borough's bank accounts were not always in agreement. In addition, there were older outstanding checks listed as reconciling items. There were also interfunds that were not liquidated in a timely manner.

It is recommended that:

1. All reconciling items between the Borough's bank accounts be in agreement, older outstanding reconciling items be reviewed for possible cancellation and that interfunds be liquidated in a timely manner.

Management's Response

The Borough will ensure that all reconciling items between bank accounts are in agreement, will review older outstanding reconciling items for possible cancellation and interfunds be liquidated in a timely manner.

Fixed Assets

Our audit of the Borough's records revealed that:

1. The Fixed Assets records have not been updated and there are not sufficient records maintained on file to support the valuation for certain fixed assets included in the general fixed assets accounting group.

It is recommended that:

2. The Borough consider engaging an independent appraisal company to completely inventory the fixed assets of the entity.

Management's Response

The Borough will determine whether there are sufficient funds in the current year's budget to engage an independent appraisal company to inventory the entity's fixed assets.

BOROUGH OF BRANCHVILLE  
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, 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.

Status of Prior Year Recommendations

The prior year recommendations regarding encumbrances be issued prior to good being purchased, the reconciliation of the tax duplicate to the tax software, and the fixed assets additions and deletions being maintained have all been resolved in the current year. The prior year recommendation regarding segregation of duties has not been resolved and is included as a current year recommendation.

BOROUGH OF BRANCHVILLE  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. All reconciling items between the Borough's bank accounts be in agreement, older outstanding reconciling items be reviewed for possible cancellation and that interfunds be liquidated in a timely manner.
3. The Borough consider engaging an independent appraisal company to completely inventory the fixed assets of the entity.

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