

**TOWNSHIP OF LOWER  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2013**



**TOWNSHIP OF LOWER  
TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page No.</u>
	<b><u>PART I</u></b>	
	Independent Auditor's Report	1 - 3
	<b><u>CURRENT FUND</u></b>	
A	Comparative Balance Sheet - Regulatory Basis	4 - 5
A - 1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6 - 7
A - 2	Statement of Revenues - Regulatory Basis	8 - 11
A - 3	Statement of Expenditures - Regulatory Basis	12 - 18
	<b><u>TRUST FUND</u></b>	
B	Comparative Balance Sheet - Regulatory Basis	19 - 20
	<b><u>GENERAL CAPITAL FUND</u></b>	
C	Comparative Balance Sheet - Regulatory Basis	21
C - 1	Statement of Fund Balance - Regulatory Basis	22
	<b><u>GENERAL FIXED ASSETS ACCOUNT GROUP</u></b>	
G	Comparative Balance Sheet - Regulatory Basis	23
	<b>NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS</b>	24 - 40
	<b><u>SUPPLEMENTARY INFORMATION</u></b>	
	Independent Auditors Report - Governmental Auditing Standards	41 - 42
	Schedule of Expenditures of Federal Awards	43
	Schedule of Expenditures of State Financial Assistance	44
	Notes to Schedule of State and Federal Assistance	45
	<b><u>CURRENT FUND</u></b>	
A - 4	Schedule of Cash - Treasurer	46
A - 5	Schedule of Cash - Collector	N/A
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	47
A - 7	Schedule of Tax Title Liens	48
A - 8	Schedule of Revenue Accounts Receivable	49
A - 9	Schedule of Appropriation Reserves - Prior Year	50 - 52
A - 10a	Schedule of Local District School Tax	53
A - 10b	Schedule of Regional High School Tax	54
A - 11	Schedule of Federal and State Grants Receivable	55
A - 12	Schedule of Appropriated Reserves for Federal and State Grants	56
A - 13	Schedule of Reserves for Federal and State Grants - Unappropriated	57

**TOWNSHIP OF LOWER  
TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page No.</u>
<b><u>TRUST FUND</u></b>	
B - 1	Schedule of Animal Control Cash - Treasurer 58
B - 2	Schedule of Other Trust Cash - Treasurer 59 - 60
B - 3	Schedule of Reserve for Animal Control Expenditures 61
B - 4	Schedule of Due To (From) Current Fund N/A
B - 5	Schedule of Amount Due To (From) State of New Jersey 62
<b><u>GENERAL CAPITAL FUND</u></b>	
C - 2	Schedule of Cash - Treasurer 63
C - 3	Analysis of Cash 64
C - 4	Schedule of Capital Improvement Fund 65
C - 5	Schedule of Deferred Charges to Future Taxation - Funded 66
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded 67
C - 7	Schedule of Improvement Authorizations 68
C - 8	Schedule of General Serial Bonds 69 - 72
C - 9	Schedule of Bond Anticipation Notes 73
C - 10	Schedule of Bonds and Notes Authorized But Not Issued 74
<b><u>PART II</u></b>	
General Comments	75 - 78
Findings and Recommendations	78

**TOWNSHIP OF LOWER**  
**PART I**  
**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710  
www.ford-scott.com

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the Township Council  
Township of Lower  
County of Cape May, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Lower, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Lower as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lower's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2014 on our consideration of the Township of Lower's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lower's internal control over financial reporting and compliance.

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

*Leon P. Costello*

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

June 18, 2014

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT - A  
CURRENT FUND**



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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 5,744,728.47	4,614,646.00
Cash - Change	600.00	600.00
Total Cash	5,745,328.47	4,615,246.00
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	3,005.47	2,961.73
Total Other Receivables	3,005.47	2,961.73
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	810,149.50	1,173,015.37
Tax Title Lien Receivable	165,194.03	148,877.92
Lower Township MUA Lien	7,848.36	7,848.36
Property Acquired for Taxes - at Assessed Valuation	1,791,200.00	1,490,700.00
Revenue Accounts Receivable	10,821.47	6,838.64
Municipal Fees Receivable	2,946.67	-
Lot Clearing Assessments	14,690.00	13,190.00
Total Receivables and Other Assets	2,802,850.03	2,840,470.29
Deferred Charges:		
Emergency Appropriation	200,000.00	-
Special Emergency Appropriation	545,000.00	540,000.00
Total Deferred Charges	745,000.00	540,000.00
Total Regular Fund	9,296,183.97	7,998,678.02
Federal and State Grant Fund:		
Federal and State Grants Receivable	948,350.32	681,799.39
Due from Current Fund	212,751.42	38,374.38
Total Federal and State Grant Fund	1,161,101.74	720,173.77
Total Current Fund	\$ 10,457,285.71	8,718,851.79

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 473,423.33	775,888.94
Reserve for Encumbrances/Accounts Payable	518,336.64	211,713.64
Prepaid Taxes	910,198.66	856,426.98
Overpaid Taxes	19,671.75	47,726.06
Due to Lower Cape May Regional	4,291.24	-
County Added Tax Payable	14,867.09	10,505.67
Due to State:		
Marriage Licenses	1,200.00	875.00
Permit Surcharge Fees	13,083.00	11,768.00
Interfund Payable:		
Federal and State Grant Funds	212,751.42	38,374.38
Other		
Prepaid Bulk Trash Receipts	18,751.00	15,806.75
Reserve for Accumulated Absence	319,456.60	499,456.60
Reserve for Garden State Preservation	-	87,437.00
Reserve for Revaluation	66,518.50	-
	<u>2,572,549.23</u>	<u>2,555,979.02</u>
Reserve for Receivables and Other Assets	2,802,850.03	2,840,470.29
Fund Balance	3,920,784.71	2,602,228.71
Total Regular Fund	<u>9,296,183.97</u>	<u>7,998,678.02</u>
Federal and State Grant Fund:		
Unappropriated Reserves	47,586.14	51,888.64
Appropriated Reserves	1,069,733.55	497,787.53
Encumbrances Payable	43,782.05	170,497.60
Total Federal and State Grant Fund	<u>1,161,101.74</u>	<u>720,173.77</u>
Total Current Fund	<u>\$ 10,457,285.71</u>	<u>8,718,851.79</u>

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

	2013	2012
Revenue and Other Income Realized		
Fund Balance	\$ 1,678,000.00	2,118,000.00
Miscellaneous Revenue Anticipated	4,769,046.01	3,568,073.24
Receipts from Delinquent Taxes	1,177,300.80	1,083,965.08
Receipts from Current Taxes	56,642,986.19	54,111,897.69
Non Budget Revenue	196,201.03	382,696.77
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	533,468.30	530,261.87
Interfund Returned	-	125.00
Prior Years' Accounts Payable Cancelled	7,192.35	101,812.87
Total Income	65,004,194.68	61,896,832.52
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	9,579,420.00	9,539,477.00
Other Expenses	8,181,419.45	7,317,268.00
Deferred Charges & Statutory Expenditures	2,336,315.00	2,296,470.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	146,044.38	129,960.00
Other Expenses	1,077,169.52	368,884.10
Capital Improvements	270,000.00	295,000.00
Debt Service	2,687,903.87	2,627,250.54
Deferred Charges	180,000.00	180,000.00
Local District School Tax	15,102,039.00	14,805,920.50
Regional District School Tax	11,492,321.92	11,244,645.47
County Tax	9,182,631.61	9,340,370.47
County Share of Added Tax	14,867.09	10,505.67
Refund of Prior Year's Revenue	11,625.84	5,860.06
Other:		
Special District Tax	2,114,881.00	2,059,897.00
Cancellation of Senior and Vet Due from State	16,000.00	7,301.37
Total Expenditures	62,392,638.68	60,228,810.18
Excess in Revenue	2,611,556.00	1,668,022.34

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

	<u>2013</u>	<u>2012</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	-
Emergency Appropriation	385,000.00	-
Total Adjustments	<u>385,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>2,996,556.00</u>	<u>1,668,022.34</u>
Fund Balance January 1	<u>2,602,228.71</u>	<u>3,052,206.37</u>
	5,598,784.71	4,720,228.71
Decreased by:		
Utilization as Anticipated Revenue	<u>1,678,000.00</u>	<u>2,118,000.00</u>
Fund Balance December 31	<u>\$ 3,920,784.71</u>	<u>2,602,228.71</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 1,678,000.00		-
Total Fund Balance Anticipated	<u>1,678,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	35,000.00		3,800.00
Other	180,000.00		41,470.50
Fees and Permits	81,000.00		1,300.29
Fines and Costs:			
Municipal Court	100,000.00		39,750.42
Interest and Costs on Taxes	200,000.00		34,712.28
Interest Earned on Investments	4,000.00		3,192.24
Recreation Fees	40,000.00		41,485.25
Payment in Lieu of Taxes - Yorkshire Place	19,000.00		20,739.14
Payment in Lieu of Taxes - Haven House	85,000.00		72,950.32
Cable Franchise Fees	115,000.00		122,893.88
Bulk Trash Receipts	50,000.00		86,238.93
Total Section A: Local Revenues	<u>909,000.00</u>	<u>-</u>	<u>1,064,533.25</u>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief	80,511.00		(0.24)
Energy Receipts Tax	1,395,280.00		-
Garden State Preservation Trust Fund	87,437.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>1,563,228.00</u>	<u>-</u>	<u>(0.24)</u>

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	250,000.00		521,051.15	271,051.15
<b>Total Section C: Uniform Construction Code Fees</b>	<b>250,000.00</b>	<b>-</b>	<b>521,051.15</b>	<b>271,051.15</b>
Section D: Interlocal Municipal Service Agreements				
Offset with Appropriations				
Boards of Educations - Special Police	133,674.00		133,674.00	-
County Interlocal - Garage Services	42,000.00		47,205.00	5,205.00
<b>Total Section D: Interlocal Municipal Service Agreements</b>	<b>175,674.00</b>	<b>-</b>	<b>180,879.00</b>	<b>5,205.00</b>
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	38,371.03		38,371.03	-
Drunk Driving Enforcement Fund	6,248.96	6,121.42	12,370.38	-
Alcohol Education and Rehabilitation Fund	593.59		593.59	-
Municipal Alliance on Alcoholism and Drug Abuse	31,409.00		31,409.00	-
Small Cities Grant	600,000.00		600,000.00	-
Body Armor Grant	5,475.06		5,475.06	-
Atlantic County JIF Grant	2,000.00	2,225.00	4,225.00	-
Clean Communities		69,368.29	69,368.29	-
Click it or Ticket		4,000.00	4,000.00	-
NJDOT		175,000.00	175,000.00	-
Comcast Technology Grant		100,000.00	100,000.00	-
Emergency Management		5,000.00	5,000.00	-
Cops in Shops		1,400.00	1,400.00	-
Drive Sober or Get Pulled Over		4,400.00	4,400.00	-
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>684,097.64</b>	<b>367,514.71</b>	<b>1,051,612.35</b>	<b>-</b>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Uniform Fire Safety Act	248,355.00		-
Capital Surplus	49,000.00		23,468.75
Escrow Surplus	14,000.00		(4,081.25)
Aid from Fire Districts #1,2 & 3	57,000.00		-
<b>Total Section G: Other Special Items</b>	<b>368,355.00</b>	<b>-</b>	<b>19,387.50</b>
Total Miscellaneous Revenues:	3,950,354.64	367,514.71	451,176.66
Receipts from Delinquent Taxes	1,100,000.00		77,300.80
Amount to be Raised by Taxes for Support of Municipal Budget	19,222,668.12		1,421,108.49
Local Tax for Municipal Purposes			
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>	<b>19,222,668.12</b>	<b>-</b>	<b>1,421,108.49</b>
<b>Budget Totals</b>	<b>25,951,022.76</b>	<b>367,514.71</b>	<b>1,949,585.95</b>
Non- Budget Revenues:			
Other Non- Budget Revenues:			196,201.03
	25,951,022.76	367,514.71	2,145,786.98

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

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	56,642,986.19
Less: Reserve for Tax Appeals Pending		-
Net Revenue from Collections		56,642,986.19
Allocated to:		
School, County and Other Taxes		38,232,378.70
Balance for Support of Municipal Budget Appropriations		18,410,607.49
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		2,233,169.12
Amount for Support of Municipal Budget Appropriations		20,643,776.61

Receipts from Delinquent Taxes:

Delinquent Tax Collection		1,176,532.02
Tax Title Lien Collections		768.78
Total Receipts from Delinquent Taxes		1,177,300.80

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Assessor		740.00
Auction Proceeds		3,008.05
Municipal Land Use Fees		42,236.60
Police Reports		3,793.53
Senior & Veterans Administration Fee		8,547.50
Vital Statistics		22,361.00
Miscellaneous		4,291.22
Recycling Rebate		49,653.32
Fema Reimbursements		58,147.58
Dog Damage		3,422.23
Total Miscellaneous Revenue Not Anticipated:	\$	196,201.03

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:</b>						
\$						
Office of Township Council						
Salaries and Wages	63,000.00	62,800.00	62,538.54		261.46	(0.00)
Other Expenses	18,950.00	22,850.00	22,487.93	120.00	242.07	(0.00)
Office of Township Clerk						
Salaries and Wages	193,510.00	193,510.00	189,624.33		3,885.67	0.00
Other Expenses	8,200.00	7,950.00	7,275.83	430.34	243.83	-
Elections						
Other Expenses	7,000.00	6,500.00	4,359.87	200.00	1,940.13	-
Office of Township Solicitor						
Salaries and Wages	20,500.00	21,500.00	21,339.96		160.04	0.00
Other Expenses	150,000.00	178,000.00	126,618.42	51,239.73	141.85	(0.00)
Office of Township Manager						
Salaries and Wages	152,500.00	150,500.00	147,628.26		2,871.74	(0.00)
Other Expenses	2,025.00	1,725.00	1,399.59		325.41	-
Department of Revenue and Finance						
Salaries and Wages	303,500.00	297,350.00	292,525.32		4,824.68	(0.00)
Other Expenses	14,400.00	13,900.00	12,841.11	745.49	313.40	(0.00)
Audit Services						
Other Expenses	32,800.00	32,800.00	32,800.00		-	-
Division of Tax Assessment						
Salaries and Wages	139,000.00	137,000.00	136,149.00		851.00	-
Other Expenses	13,000.00	11,300.00	10,952.04	41.00	306.96	(0.00)
Reassessment		185,000.00	185,000.00		-	-

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Division of Taxation						
Salaries and Wages	176,700.00	174,700.00	173,150.16		1,549.84	(0.00)
Other Expenses:						
Liquidation of Tax Title Liens	1,000.00	-				-
Miscellaneous Other Expenses	8,925.00	6,625.00	6,191.95	187.99	245.06	-
Department of Planning and Development						
Salaries and Wages	185,500.00	182,500.00	182,127.32		372.68	(0.00)
Other Expenses	15,795.00	14,095.00	11,611.59	207.22	2,276.19	-
Engineering Services and Costs						
Salaries and Wages	70,000.00	65,000.00	61,653.89		3,346.11	-
Other Expenses	9,000.00	14,500.00	4,231.18	600.98	9,667.84	-
Department of Parks and Recreation						
Salaries and Wages	256,000.00	236,000.00	233,846.63		2,153.37	(0.00)
Other Expenses	171,520.00	165,420.00	148,122.07	8,968.50	8,329.43	-
Department of Public Works						
Salaries and Wages	2,731,250.00	2,691,250.00	2,665,341.92	345.75	25,562.33	0.00
Other Expenses:						
Sanitary Landfill	730,000.00	690,000.00	550,945.77	47,464.25	91,589.98	-
Miscellaneous Other Expenses	263,150.00	278,150.00	244,284.11	21,852.47	12,013.42	(0.00)
Public Buildings and Grounds						
Salaries and Wages	72,500.00	71,500.00	70,508.00		992.00	-
Other Expenses	239,500.00	210,400.00	173,438.05	11,426.31	25,535.64	-
Department of Public Safety						
Salaries and Wages	4,172,636.00	4,146,636.00	4,125,772.23		20,863.77	-
Other Expenses	118,545.00	113,545.00	93,202.54	14,591.52	5,750.94	(0.00)
Uniform Fire Safety Act (P.L. 1983, Ch. 383)						
Salaries and Wages	166,124.00	166,124.00	166,123.92		0.08	(0.00)
Other Expenses	139,231.00	139,231.00	114,600.75	657.25	23,973.00	-

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Emergency Management Services						
Salaries and Wages	10,000.00	10,000.00	9,999.86		0.14	
Other Expenses	7,500.00	2,000.00	327.21	1,435.62	237.17	(0.00)
Contributions to First Aid Organizations	105,000.00	105,000.00	105,000.00			
Demolition						
Other Expenses	4,750.00	-	-			
Police 911 Dispatchers						
Salaries and Wages	491,600.00	481,600.00	473,884.93		7,715.07	0.00
Other Expenses	8,253.00	4,353.00	3,522.99	262.82	567.19	
Planning Board						
Other Expenses	7,100.00	6,650.00	6,650.00			
Zoning Board of Adjustments						
Other Expenses	7,100.00	6,600.00	6,600.00			
Animal Regulation:						
Salaries and Wages	24,000.00	24,000.00	22,196.92		1,803.08	0.00
Other Expenses:						
Contractual	92,415.00	92,415.00	92,415.00			
Miscellaneous Other Expenses	17,000.00	13,500.00	13,242.16		257.84	
Municipal Court						
Salaries and Wages	216,000.00	206,000.00	204,509.74		1,490.26	0.00
Other Expenses	12,950.00	12,950.00	11,782.38	858.71	308.91	0.00
Public Defender (P.L. 1997, C. 256)						
Salaries and Wages	11,200.00	11,200.00	11,200.00			
General Liability						
Workers Compensation Insurance	322,152.00	322,152.00	322,152.00			
Employee Group Health	721,999.00	721,999.00	721,439.84	170.00	389.16	0.00
	3,250,134.45	3,649,134.45	3,252,390.38	248,196.93	148,547.14	0.00

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved		
Health Benefit								
Salaries and Wages	19,000.00	20,000.00	15,583.34			4,416.66		-
Construction Official								
Salaries and Wages	240,250.00	230,250.00	226,876.98			3,373.02		(0.00)
Other Expenses	10,575.00	3,375.00	2,872.28	355.50		147.22		-
Celebration of Public Events or Holidays	53,000.00	54,900.00	44,579.97	10,308.00		12.03		(0.00)
Electricity	185,500.00	185,500.00	155,881.86	13,394.22		16,223.92		0.00
Street Lighting	312,500.00	312,500.00	290,636.26	21,863.30		0.44		(0.00)
Telephone	82,000.00	92,000.00	85,234.60	5,417.81		1,347.59		(0.00)
Water	13,900.00	16,900.00	13,829.98	4,159.26		3,070.02		-
Natural Gas	45,000.00	45,000.00	39,872.48	1,633.76		968.26		(0.00)
Heating Oil	35,000.00	11,000.00	1,633.76	366,793.34		9,366.24		-
Gasoline	434,000.00	431,200.00	366,793.34	50,967.02		13,439.64		(0.00)
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>17,385,639.45</b>	<b>17,760,539.45</b>	<b>16,779,800.54</b>	<b>516,467.99</b>		<b>464,270.92</b>		<b>0.00</b>
Contingent	300.00	300.00	-			300.00		-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>17,385,939.45</b>	<b>17,760,839.45</b>	<b>16,779,800.54</b>	<b>516,467.99</b>		<b>464,570.92</b>		<b>0.00</b>
Detail:								
Salaries and Wages	9,714,770.00	9,579,420.00	9,492,581.25	345.75		86,493.00		0.00
Other Expenses	7,671,169.45	8,181,419.45	7,287,219.29	516,122.24		378,077.92		0.00

**DEFERRED CHARGES AND STATUTORY  
EXPENDITURES:**

Deferred Charges:  
None

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	564,650.00	571,750.00	565,170.51		6,579.49	(0.00)
Social Security System (O.A.S.I.)	750,000.00	750,000.00	750,000.00			
Unemployment	73,000.00	73,000.00	72,156.38		843.62	
Police and Firemen's Retirement System	931,565.00	931,565.00	931,563.00		2.00	
Defined Contribution Retirement Program	7,000.00	10,000.00	8,573.70		1,426.30	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>2,326,215.00</b>	<b>2,336,315.00</b>	<b>2,327,463.59</b>		<b>8,851.41</b>	<b>(0.00)</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>19,712,154.45</b>	<b>20,097,154.45</b>	<b>19,107,264.13</b>	<b>516,467.99</b>	<b>473,422.33</b>	<b>0.00</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"						
Insurance: NJSA 40A:4-45.3						
Employee Group Insurance	154,910.55	154,910.55	154,910.55			
Interlocal Municipal Service Agreements	133,674.00	133,674.00	133,674.00			
School Resource Officer	42,000.00	42,000.00	42,000.00			
Other Expenses						
	<b>330,584.55</b>	<b>330,584.55</b>	<b>330,584.55</b>			
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities		69,368.29	69,368.29			
Emergency Management		5,000.00	5,000.00			
Municipal Alliance on Alcoholism and Drug Abuse						
State Match	31,409.00	31,409.00	31,409.00			
Local Match	7,852.00	7,852.00	7,852.00			
Recycling Tonnage Grant	38,371.03	38,371.03	38,371.03			
Body Armor	5,475.06	5,475.06	5,475.06			
Drunk Driving Enforcement Fund	6,248.96	12,370.38	12,370.38			
Alcohol Education Rehabilitation	593.59	593.59	593.59			
Cops in Shops		1,400.00	1,400.00			
Click It or Ticket		4,000.00	4,000.00			
Small Cities	600,000.00	600,000.00	600,000.00			
JIF Safety	2,000.00	4,225.00	4,225.00			
						0.00

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Supplemental Fire Services Program	8,165.00	8,165.00	8,164.00	1.00	-
Fire District Direct Program	-	4,400.00	4,400.00	-	-
Driver Sober or Get Pulled Over	-	100,000.00	100,000.00	-	-
Comcast Technology Grant	-	-	-	-	-
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>700,114.64</b>	<b>892,628.35</b>	<b>892,628.35</b>	<b>1.00</b>	<b>0.00</b>
Total Operations - Excluded from "CAPS"	1,030,699.19	1,223,213.90	1,223,212.90	1.00	0.00
Detail:					
Salaries and Wages	139,922.96	146,044.38	146,044.38	-	0.00
Other Expenses	890,776.23	1,077,169.52	1,077,168.52	1.00	-
(C) Capital Improvements	95,000.00	95,000.00	95,000.00	-	-
Capital Improvement Fund	-	175,000.00	175,000.00	-	-
NJ Transportation Trust Fund	-	-	-	-	-
<b>Total Capital Improvements</b>	<b>95,000.00</b>	<b>270,000.00</b>	<b>270,000.00</b>	<b>-</b>	<b>-</b>
(D) Debt Service	2,175,000.00	2,175,000.00	2,175,000.00	-	-
Payment of Bond Principal	-	-	-	-	-
Interest on Bonds	350,000.00	350,000.00	346,975.00	-	3,025.00
Interest on Notes	50,000.00	50,000.00	41,562.50	-	8,437.50
Green Trust Loan Program:	-	-	-	-	-
Loan Repayments for Principal and Interest	125,000.00	125,000.00	124,366.37	-	633.63
<b>Total Debt Service</b>	<b>2,700,000.00</b>	<b>2,700,000.00</b>	<b>2,687,903.87</b>	<b>-</b>	<b>12,096.13</b>
(E) Deferred Charges	180,000.00	180,000.00	180,000.00	-	-
Emergency Authorizations	-	-	-	-	-
<b>Total Deferred Charges</b>	<b>180,000.00</b>	<b>180,000.00</b>	<b>180,000.00</b>	<b>-</b>	<b>-</b>

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

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	4,005,699.19	4,373,213.90	4,361,116.77	1.00	12,096.13
SUBTOTAL GENERAL APPROPRIATIONS	23,717,853.64	24,470,368.35	23,468,380.90	516,467.99	12,096.13
(M) Reserve for Uncollected Taxes	2,233,169.12	2,233,169.12	2,233,169.12		-
TOTAL GENERAL APPROPRIATIONS	\$ 25,951,022.76	26,703,537.47	25,701,550.02	516,467.99	12,096.13
Budget		25,951,022.76			
Appropriations by 40A-4-87		367,514.71			12,096.13
Emergency Appropriations		385,000.00			(0.00)
		<u>26,703,537.47</u>			<u>12,096.13</u>
Reserve for Uncollected Taxes			2,233,169.12		
Federal and State Grants			1,051,612.35		
Deferred Charges			180,000.00		
Reserve for Revaluation			185,000.00		
Disbursements			22,051,768.55		
			<u>25,701,550.02</u>		
				Cancelled Overexpended	

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT - B  
TRUST FUND**



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

<u>Assets</u>	<u>2013</u>	<u>2012</u>
<u>Animal Control Fund</u>		
Cash and Investments	\$ 9,222.00	9,086.40
	<u>9,222.00</u>	<u>9,086.40</u>
<u>Other Funds</u>		
Cash and Investments	1,391,286.84	1,450,001.58
Program Loans Receivable	480,893.60	361,622.30
	<u>1,872,180.44</u>	<u>1,811,623.88</u>
	<u>\$ 1,881,402.44</u>	<u>1,820,710.28</u>

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>2013</u>	<u>2012</u>
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 9,222.00	9,084.00
Due to State of New Jersey	-	2.40
	<u>9,222.00</u>	<u>9,086.40</u>
<u>Other Funds</u>		
Deposits for Redemption of Tax Title		
Lien Certificates	1,065.02	26,373.37
Encumbrances Payable	-	2,614.59
Premiums Received at Tax Sale	300,000.00	234,700.00
Reserve for Program Loans Receivable	480,893.60	361,622.30
Reserve for Unemployment Compensation	615.30	41,104.46
Reserve for AFLAC Flex Trust	38.54	38.44
Reserve for Performance and Escrow Deposits	436,710.28	448,527.58
Reserve for Recreation	37,598.07	31,910.53
Reserve for Bail Escrow	725.00	725.00
Reserve for POAA	24.00	24.00
Reserve for Small Cities Revolving Loan	238,121.36	317,742.06
Reserve for Historic Commission	819.18	818.81
Reserve for Police Forfeiture	17,551.04	16,329.69
Reserve for Police Investigative Trust	594.78	414.77
Reserve for Joint Housing	40,265.04	40,238.88
Reserve for Public Defender	752.80	952.80
Reserve for Escrow Deposits	123,393.17	163,729.53
Reserve for DARE	3,486.29	2,859.63
Reserve for Fire Safety Fees	161,101.94	89,868.06
Reserve for Off Duty Police	14,269.50	14,920.75
Reserve for Accumulated Absences	1,623.86	498.18
Reserve for Tax Maps	-	10,436.50
Reserve for Snow Removal	10,531.67	4,693.65
Reserve for Donations	2,000.00	480.30
	<u>1,872,180.44</u>	<u>1,811,623.88</u>
	<u>\$ 1,881,402.44</u>	<u>1,820,710.28</u>

**EXHIBIT - C**  
**GENERAL CAPITAL FUND**



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

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 1,222,837.07	1,388,800.02
Deferred Charges to Future Taxation -		
Funded	9,714,615.81	11,983,479.57
Unfunded	7,240,000.00	6,160,000.00
	<u>18,177,452.88</u>	<u>19,532,279.59</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	720,571.71	241,532.85
Bond Anticipation Notes Payable	4,130,000.00	3,325,000.00
Serial Bonds Payable	6,900,000.00	8,400,000.00
Green Trust Loan Payable	1,454,615.81	1,548,479.57
Refunding Bonds Payable	1,360,000.00	2,035,000.00
Improvement Authorizations:		
Funded	194,975.26	345,727.24
Unfunded	3,063,040.00	3,330,721.13
Capital Improvement Fund	256,323.00	220,323.00
Fund Balance	97,927.10	85,495.80
	<u>\$ 18,177,452.88</u>	<u>19,532,279.59</u>

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

2012	2,835,000.00
2013	3,110,000.00

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

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 85,495.80	136,920.80
Increased by:		
Premiums on sale of Bonds & Notes	12,431.30	11,575.00
Decreased by:		
Appropriated to Fund Improvement Authorization	-	63,000.00
Ending Balance December 31	<u>\$ 97,927.10</u>	<u>85,495.80</u>

**EXHIBIT - G**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**



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

<u>General Fixed Assets</u>	<u>2013</u>	<u>2012</u>
Land	\$ 2,076,786.58	2,076,786.58
Building	3,060,731.76	3,067,831.76
Machinery and Equipment	10,495,008.28	10,231,240.57
	<u>15,632,526.62</u>	<u>15,375,858.91</u>
<u>Investment in General Fixed Assets</u>		
Investment in General Fixed Assets	15,632,526.62	15,375,858.91
	<u>\$ 15,632,526.62</u>	<u>15,375,858.91</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

Lower Township Fire District #1  
1619 Bayshore Road  
Villas, New Jersey 08251

Lower Township Fire District #2  
224 Town Bank Road  
North Cape May, New Jersey 08204

Lower Township Fire District #3  
P.O. Box 162  
Rio Grande, New Jersey 08242

Lower Township Municipal Utility Authority  
2900 Bayshore Road  
Villas, New Jersey 08251

Complete financial statement information can be obtained from the organization listed above.

The Township of Lower is a mainland community located in the County of Cape May, State of New Jersey. The population according to the 2010 census is 22,866.

**B. Description of Funds**

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

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

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

**C. Basis of Accounting**

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

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

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

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

General Fixed Assets – Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition.

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**D. Required Financial Statements**

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

**E. Comparative Data**

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

**F. Recent Accounting Pronouncements Not Yet Effective**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Township's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Township's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the Township's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Township's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the Township's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the Township's proportionate share of cost-sharing defined benefit plans reported at the State of New Jersey level.

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$2,233,169.12 and \$1,848,192.16. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$1,678,000.00 and \$2,118,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Committee. The following significant budget transfers were approved in the 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Office of the Township Solicitor		
Other Expenses	28,000.00	(32,600.00)
Department of Parks and Recreation		
Salaries and Wages	(20,000.00)	
Department of Public Works		
Salaries and Wages	(40,000.00)	20,000.00
Other Expenses: Sanitary Landfill	(40,000.00)	(24,600.00)
Other Expenses: Miscellaneous	15,000.00	22,000.00
Emergency Management Services		
Other Expenses		11,000.00
Public Buildings and Ground		
Other Expenses	(29,100.00)	
Department of Public Safety		
Other Expenses	(26,000.00)	
Police 911 Dispatchers		
Salaries and Wages	(10,000.00)	
Municipal Court		
Salaries and Wages	(10,000.00)	
Employee Group Health	199,000.00	(211,520.00)
Construction Official		
Salaries and Wages	(10,000.00)	20,300.00
Telephone	10,000.00	
Heating Oil	(24,000.00)	

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2013 and 2012, the following budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Clean Communities Program	\$ 69,368.29	58,083.07
Click it or Ticket	4,000.00	4,000.00
JIF	2,225.00	3,525.00
Drive Sober or Get Pulled Over	4,400.00	4,400.00
NJDOT	175,000.00	
Comcast Technology Grant	100,000.00	
Emergency Management	5,000.00	
Cops in Shops	1,400.00	
Drunk Driving Enforcement Fund	6,121.42	

The Township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township approved a special emergency and emergency appropriation in 2013 for \$185,000.00 and \$200,000.00. The special emergency was for a program of reassessment of real property in the Township. The emergency appropriation was for health insurance expenses. The Township previously approved a special emergency for terminal leave payments in the amount of \$900,000.00 which has been funded by the Townships budget. The unfunded balance of these emergencies as of December 31, 2013 was \$745,000.00.

**NOTE 3: INVESTMENTS**

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

As of December 31, 2013 and 2012, the municipality did not have any investments.

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, the carrying amount of the Township's deposits was \$8,388,674.38 and the bank balance was \$8,988,268.32.

**NOTE 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land	\$ 1,904,500.00	172,286.58		2,076,786.58
Building	3,025,600.00	42,231.76		3,067,831.76
Machinery and Equipment	12,145,001.59	823,820.31	2,737,581.33	10,231,240.57
	<u>\$ 17,075,101.59</u>	<u>1,038,338.65</u>	<u>2,737,581.33</u>	<u>15,375,858.91</u>

	Balance 12/31/2012	Additions	Retirements/ Adjustments	Balance 12/31/2013
Land	\$ 2,076,786.58			2,076,786.58
Building	3,067,831.76		7,100.00	3,060,731.76
Machinery and Equipment	10,231,240.57	307,684.46	43,916.75	10,495,008.28
	<u>\$ 15,375,858.91</u>	<u>307,684.46</u>	<u>51,016.75</u>	<u>15,632,526.62</u>

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 6: SHORT-TERM OBLIGATIONS**

	<u>Balance 12/31/11</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/12</u>
Bond Anticipation Notes payable:				
General	<u>\$ 2,125,000.00</u>	<u>3,325,000.00</u>	<u>2,125,000.00</u>	<u>3,325,000.00</u>
	<u>\$ 2,125,000.00</u>	<u>3,325,000.00</u>	<u>2,125,000.00</u>	<u>3,325,000.00</u>

  

	<u>Balance 12/31/12</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/13</u>
Bond Anticipation Notes payable:				
General	<u>\$ 3,325,000.00</u>	<u>4,130,000.00</u>	<u>3,325,000.00</u>	<u>4,130,000.00</u>
	<u>\$ 3,325,000.00</u>	<u>4,130,000.00</u>	<u>3,325,000.00</u>	<u>4,130,000.00</u>

The note was originally issued on August 11, 2011 and is due and payable on August 7, 2014 with interest at 1.00%. As of December 31, 2013 the Township has authorized but not issued bonds in the amount of \$3,110,000.00 in the General Capital Fund.

**NOTE 7: LONG TERM DEBT**

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	<u>Balance 12/31/11</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/12</u>	<u>Amounts Due Within One Year</u>
Other liabilities:					
Compensated					
Absences Payable	<u>\$ 2,668,342.89</u>	<u>36,196.26</u>	<u>-</u>	<u>2,704,539.15</u>	<u>-</u>
General Capital Fund:					
Bonds Payable	<u>12,520,000.00</u>		<u>2,085,000.00</u>	<u>10,435,000.00</u>	<u>2,175,000.00</u>
Green Trust Loans	<u>1,640,493.86</u>		<u>92,014.29</u>	<u>1,548,479.57</u>	<u>93,863.76</u>
Total long-term liabilities	<u>\$ 16,828,836.75</u>	<u>36,196.26</u>	<u>2,177,014.29</u>	<u>14,688,018.72</u>	<u>2,268,863.76</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 2,704,539.15	98,485.85	-	2,803,025.00	-
General Capital Fund					
Bonds Payable	10,435,000.00		2,175,000.00	8,260,000.00	2,180,000.00
Green Trust Loans	1,548,479.57		93,863.76	1,454,615.81	
Total long-term liabilities	<u>\$ 14,688,018.72</u>	<u>98,485.85</u>	<u>2,268,863.76</u>	<u>12,517,640.81</u>	<u>2,180,000.00</u>

**Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Green Trust Loans Issued and Outstanding**

Year Ending December 31	General Capital Fund	
	Principal	Interest
2014	\$ 2,275,750.42	307,840.96
2015	2,277,675.02	237,391.36
2016	1,599,638.28	156,978.10
2017	1,301,641.00	94,725.38
2018	1,303,684.01	44,682.37
2019-2023	550,531.24	71,300.66
2024-2028	396,460.74	17,007.49
2029	9,235.10	92.35
	<u>\$ 9,714,615.81</u>	<u>930,018.67</u>

<u>Summary of Municipal Debt</u>	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 13,844,615.81	15,308,479.57	16,285,493.86
Total Issued	<u>13,844,615.81</u>	<u>15,308,479.57</u>	<u>16,285,493.86</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	3,110,000.00	2,835,000.00	1,305,000.00
Total Authorized But Not Issued	<u>3,110,000.00</u>	<u>2,835,000.00</u>	<u>1,305,000.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 16,954,615.81</u>	<u>18,143,479.57</u>	<u>17,590,493.86</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 0.443%.

	Gross Debt	Deductions	Net Debt
General Debt	16,954,615.81		16,954,615.81
School Debt	3,509,645.02	3,509,645.02	-
Municipal Utilities Authority	18,299,932.00	18,299,932.00	-
	<u>\$ 38,764,192.83</u>	<u>\$ 21,809,577.02</u>	<u>\$ 16,954,615.81</u>

Net Debt \$16,954,615.81 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,831,105,095.67 = 0.443%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 134,088,678.35
Net Debt	16,954,615.81
Remaining Borrowing Power	<u>\$ 117,134,062.54</u>

Description of Bonds and Loans Payable

At December 31, 2013, bonds payable in the General Capital Fund consisted of the following individual issues:

\$4,700,000.00 General Improvement Bonds dated December 15, 2004, due in annual installments beginning December 15, 2007 through December 15, 2016, bearing interest at various rates from 3.375% to 3.750% per annum. The balance remaining as of December 31, 2013, is \$1,500,000.00.

\$8,800,000.00 General Improvement Bonds dated April 1, 2009, due in annual installments beginning April 1, 2010 through April 1, 2018, bearing interest at various rates from 3.000% to 4.000% per annum. The balance remaining as of December 31, 2013, is \$5,400,000.00.

\$2,720,000.00 General Improvement Refunding Bonds dated August 15, 2011, due in annual installments beginning July 15, 2012 through July 15, 2015, bearing interest at various rates from 2.000% to 4.000% per annum. The balance remaining as of December 31, 2013, is \$1,360,000.00.

\$800,000.00 State of New Jersey Green Trust Loans dated 2006, due in semi-annual installments beginning in 2007 through 2026, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2013, is \$547,788.04.

\$900,000.00 State of New Jersey Green Trust Loans dated 2007, due in semi-annual installments beginning in 2007 through 2027, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2013, is \$659,255.17.

\$300,000.00 State of New Jersey Green Trust Loans dated 2009, due in semi-annual installments beginning in 2010 through 2029, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2013, is \$247,572.60.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

		<u>2014</u>	<u>2013</u>
Current Fund	\$	2,065,000.00	1,678,000.00

**NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the current fund.

	Balance December 31, 2013	2014 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriation	\$ 545,000.00	217,000.00	328,000.00
Emergency Appropriation	200,000.00	200,000.00	-
	<u>745,000.00</u>	<u>417,000.00</u>	<u>328,000.00</u>

**NOTE 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$15,102,039.00 and \$14,805,920.50 have been raised for the 2013 and 2012 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service, if any.

Regional High School Tax in the amounts of \$11,817,960.00 and \$11,166,683.83 have been raised for the 2013 and 2012 calendar years and remitted to the regional high school district.

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

	<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax Deferred	\$ 5,583,341.92	5,661,303.57
Deferred	(325,638.12)	(77,961.65)
Balance of Tax Deferred	<u>\$ 5,908,980.04</u>	<u>\$ 5,583,341.92</u>

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 11: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/13	Balance 12/31/12
Prepaid Taxes	\$ 910,198.66	856,426.98
Cash Liability for Taxes Collected in Advance	\$ 910,198.66	856,426.98

**NOTE 12: PENSION FUNDS**

Description of Plans

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

Public Employees' Retirement System

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

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 13.58% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$931,563.00, \$590,197.00 and \$585,186.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The Township's contributions to PFRS for the years ended December 31, 2013, 2012 and 2011 were \$564,646.00, \$874,850.00 and \$1,025,942.00

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$10,140,758.33, \$9,930,109.60 and \$10,249,356.49. Payroll covered by PERS was \$4,747,363.00, \$4,518,117.00 and \$4,818,166.00. Payroll covered by PFRS was \$3,465,574.00, \$3,284,235.00 and \$3,622,199.00.

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

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

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

**NOTE 13: POST-RETIREMENT BENEFITS**

The Township offers medical, prescription drug, dental and vision coverage to eligible retirees and their dependents.

Effective January 21, 2009, the Township participated in the New Jersey State Health Benefits Program ("the SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" ("OPEB"). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits. Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

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

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. The following were the required contributions:

2012 - \$ 500,015.86  
2011 - \$2,672,259.12  
2010 - \$2,447,358.17

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Beginning in March 2013, the Township left the SHBP and opted to utilize a private insurer.

The Township provides forty-four retirees with prescription and/or dental costs from Horizon Dental. The following is an alternate valuation method, which is used when the number of retirees receiving a benefit is less than 100.

**Annual OPEB Cost and Net OPEB Obligation**

The Township's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest. The Actuarial Accrued Liability (AAL) as of December 31, 2013 is \$27,272,171 based upon a discount rate of 4.50% per annum and the plan provisions in effect as of yearend. As of the measurement date, the plan has no assets to offset any portion of the Actuarial Accrued Liability (AAL), therefore the UAAL and AAL are equal.

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Other Post-Employment Benefit Costs and Obligations**

In the December 31, 2013 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2013 was projected as follows:

		12/31/2013
Normal Cost	\$	256,066
AAL		27,272,171
Less Assets		-
UAAL		27,272,171
30 Year Amortization of UAAL at Discount Rate		1,674,281
Total ARC	\$	<u>1,930,347</u>

**NOTE 14: ACCRUED SICK AND VACATION BENEFITS**

The Township has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by, either charges to operations, or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2012, the Township estimates this liability to approximate \$2,803,025.00 based on 2013 pay rates and compensated absence balances. The Township has established a reserve in the amount of \$319,456.60 to offset this liability.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 15: ECONOMIC DEPENDENCY**

The Township of Lower is not economically dependent on any one funding agency within the Township or the State of New Jersey.

**NOTE 16: RISK MANAGEMENT**

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

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

**NOTE 17: DEFERRED COMPENSATION**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1999, the Township of Lower amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in Trust under the beneficial ownership of the Trustee, (Township of Lower) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrator is as follows:

ICMA Retirement Corporation

**NOTE 18: CONTINGENT LIABILITIES**

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

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 19: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the Township of Lower:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Grant Fund		212,751.42
Grant Fund:		
Current Fund	212,751.42	
	<u>\$ 212,751.42</u>	<u>212,751.42</u>

The amounts due to the Grant fund from the Current fund are for amounts appropriated in the Townships budget.

**NOTE 20: SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through June 18, 2014, the date which the financial statements were available to be issued. The following events were noted:

An ordinance, #2014-06, dissolving the Lower Township Municipal Utilities Authority pursuant N.J.S.A. 40A:5A-20 was introduced at the June 2, 2014 Township Council meeting. The 1<sup>st</sup> reading, 2<sup>nd</sup> reading and public hearing are to be scheduled after approval from the Local Finance Board.

An ordinance, #2014-07, amending the code of the Township of Lower to create a Water and Sewer Utility Division within the Department of Public Works for the Township of Lower was introduced at the June 2, 2014 Township Council meeting. The 1<sup>st</sup> reading, 2<sup>nd</sup> reading and public hearing are to be scheduled after approval from the Local Finance Board.

**SUPPLEMENTARY INFORMATION**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710  
www.ford-scott.com

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the Township Council  
Township of Lower, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township of Lower's basic financial statements, and have issued our report thereon dated June 18, 2014, which was a diverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Lower's control over financial reporting (internal control) to determine the 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 of Lower's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Lower's internal control.

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

*Leon P. Costello*

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

June 18, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal or State Grantor/Pass-Through Grantor/Program Title	Grant Period	CFDA # or Pass-Through Grantor's	Program or Award Amount	Balance Dec. 31, 2012	Receipts or Revenue Recognized	Disbursements/Expenditures	Adjustment	Balance Dec. 31, 2013
<b>Federal:</b>								
Department of Housing and Urban Development								
Passed Through NJ Department of Community Affairs								
Small Cities Prog. CDBG '11 (Stormwater Outfall Project)	2/1/11-1/1/13	14.228	500,000.00	100,923.02	6,257.00	100,923.02		6,257.00
Small Cities Program 2011 (Stormwater Outfall Project)	2/1/11-1/1/13	14.228	200,000.00	78,260.82	55,164.00	83,347.35		50,077.47
Small Cities Program 2011 (Housing Rehabilitation)	2/1/13-1/1/14	14.228	200,000.00	-	200,000.00	37,278.08		162,721.92
Small Cities Program 2013 (Housing)	2/1/13-1/1/14	14.228	400,000.00	-	400,000.00	-		400,000.00
Small Cities Program 2013 (ADA)	open	14.228	on-going	433,603.24	94,358.35	173,979.05		353,982.54
<b>Total U.S. Department of Housing &amp; Urban Development</b>				<b>612,787.08</b>	<b>755,779.35</b>	<b>385,527.50</b>		<b>973,038.93</b>
U.S. Department of Justice								
Passed Through NJ Department of Law and Public Safety								
Body Armor Grant	1/1/13-12/31/13	16.607	1,560.00	-	-	2,980.00		(2,980.00)
Bullet Proof Vest Partnership	1/1/13-12/31/13	16.607	3,915.06	-	-	754.00		(754.00)
<b>Total US Department of Justice</b>						<b>3,734.00</b>		<b>(3,734.00)</b>
U.S. Department of Homeland Security								
Passed Through Federal Emergency Management Assistance (FEMA)								
Reimbursement for Hurricane Sandy	1/1/13 - 12/31/13	97.036		-	58,147.58	58,147.58		-
<b>Total Federal Awards</b>				<b>\$ 612,787.08</b>	<b>813,926.93</b>	<b>457,409.08</b>		<b>969,304.93</b>

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	Pass-Through Grantor's	Program or Award Amount	Balance Dec. 31, 2012	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2013	(Memo Only) Total Cumulative State Expenditures
<b>State of New Jersey</b>									
NJ Department of Environmental Protection Clean Communities Act Recycling Tonnage	1/1/13 - 12/31/13 1/1/13 - 12/31/13	4900-765-042-4800-004 4900-752-042-4800-001	69,368.29 \$ 38,371.03	- -	69,368.29 38,371.03	69,368.29 38,371.03	- -	- -	69,368.29 38,371.03
Department of Transportation Transportation Trust Fund Authority Act Reconstruction of Clubhouse Road	1/1/13 - 12/31/13		175,000.00	-	-	-	-	-	-
Emergency Management Agency Emergency Management Assistance Total Emergency Management Agency	1/1/13 - 12/31/13		5,000.00	4,734.50 4,734.50	5,000.00 5,000.00	2,825.00 2,825.00	- -	6,909.50 6,909.50	2,825.00
NJ Division of Law and Public Safety Division of Motor Vehicles									
Cops in Shops	Prior Years		1,400.00	4,550.95	1,400.00	4,354.63	-	196.32	4,354.63
Click it or Ticket	1/1/13 - 12/31/13		4,000.00	700.00	4,000.00	2,100.00	-	-	2,100.00
Drive Sober or Get Pulled Over	1/1/13 - 12/31/13		4,400.00	-	4,000.00	3,642.62	-	357.38	3,642.62
Drunk Driving Enforcement Fund	1/1/13 - 12/31/13		12,370.38	-	4,400.00	3,894.79	-	505.21	3,894.79
Alliance Funds	Prior Years		39,261.00	11,022.68	12,370.38	8,424.34	-	14,968.72	8,424.34
Total NJ Division of Law and Public Safety	Prior Years		58,931.38	61,666.39	39,261.00	26,915.73	-	74,011.66	26,915.73
			58,931.38	77,940.02	61,431.38	49,332.11	-	90,039.29	
State of New Jersey Police Alcohol Education and Rehabilitation Total State of New Jersey Police	1/1/13 - 12/31/13	9795-760-098-1900-001	593.59	1,336.81 1,336.81	593.59 593.59	1,900.00 1,900.00	- -	30.40 30.40	1,900.00
Total State Assistance				84,011.33	174,764.29	161,796.43	-	96,979.19	
Total Federal Awards and State Financial Assistance				\$ 696,796.41	988,691.22	819,205.51	-	1,066,284.12	

The Accompanying Notes To The Schedule of Expenditures of Federal Awards and State Financial Assistance Are An Integral Part of This Statement

**NOTES TO SCHEDULE OF EXPENDITURES  
OF STATE AND FEDERAL AWARDS  
DECEMBER 31, 2013**

**Note 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance includes the federal and state grant activity of the Township of Lower, New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a regulatory basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining the single audit threshold on major programs.

**Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statement. Receipts from federal and state grants are realized as revenue when anticipated in the Township's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the Township's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Grant Fund	\$ 225,282.45	161,796.43	\$ 387,078.88
Trust Fund	173,979.05		173,979.05
Current Fund	58,147.58		58,147.58
Total Financial Assistance	<u>\$ 457,409.08</u>	<u>161,796.43</u>	<u>\$ 619,205.51</u>

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2012	\$ 4,614,646.00	-
Increased by Receipts:		
Tax Collector	56,537,533.30	
Tax Title Liens	768.78	
Prepaid Taxes	910,198.66	
Prepaid Bulk Trash Receipts	2,944.25	
Revenue Accounts Receivable	3,629,996.66	
Miscellaneous Revenue	196,201.03	
Due from State of New Jersey -		
Senior Citizens & Veterans	411,624.93	
Due to Lower Township MUA	156,998.19	
Due to State of New Jersey -		
Marriage Licenses	4,425.00	
Permit Surcharge Fees	24,809.00	
Due to Current		381,287.55
Due to Lower Regional	4,291.22	
Due to Grant Fund	555,664.59	
Due to General Capital Fund	2,175,036.53	
Federal and State Unallocated		116,954.43
Federal and State Receivables		595,912.98
	64,610,492.14	1,094,154.96
	69,225,138.14	1,094,154.96
Decreased by Disbursements:		
Current Year Appropriation	22,051,768.55	
Prior Year Appropriations	444,623.28	
Accounts Payable	450.00	
Tax Overpayments	41,790.89	
Refund of Prior Year Revenue		
County Taxes	9,182,631.61	
County Added and Omitted Taxes	10,505.67	
Local District School Taxes	15,102,039.00	
Regional School Taxes	11,492,321.90	
Fire District Taxes	2,114,881.00	
Due to State of New Jersey -		
Marriage Licenses	4,100.00	
Permit Surcharge Fees	23,494.00	
Cancellation of Senior and Vet Due from State		
Due to Lower Township MUA	156,998.19	
Due from Current		555,664.59
Due to Trust - Accumulated Absences	180,000.00	
Due to Grant Fund	381,287.55	
Due from General Capital Fund	2,175,036.53	
Reserve for Revaluation	118,481.50	
Federal and State Disbursements		538,490.37
	63,480,409.67	1,094,154.96
Balance December 31, 2013	\$ 5,744,728.47	-

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash 2012	2013	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2013
Arrears	\$ 17,123.51				16,359.39				764.12
2012	1,155,891.86			1,160,172.63	(6,887.83)	340.15			2,266.91
	1,173,015.37			1,176,532.02	(6,887.83)	340.15			3,031.03
2013	-	57,579,712.96	97,767.97	856,426.98	55,786,559.21	210,707.70	16,668.57		807,118.47
	\$ 1,173,015.37	57,579,712.96	97,767.97	856,426.98	56,963,091.23	203,819.87	17,008.72		810,149.50

Cash Receipts  
Senior Citizens and Veterans  
Other  
56,963,091.23

Analysis of Current Year Tax Levy

Tax Yield:  
General Property Tax 55,464,831.96  
Special District Taxes 2,114,881.00  
Added Taxes (54:4-63.1 et. Seq.) 97,767.97  
57,677,480.93

Tax Levy:  
General County Taxes 7,711,442.09  
County Library Taxes 1,093,960.13  
County Open Space Taxes 377,229.39  
County Health Taxes  
County Added and Omitted Taxes 14,867.09  
Total County Taxes 9,197,498.70  
  
Local School District Tax 15,102,039.00  
Additional Local School District Tax  
Regional School District Tax 11,817,960.00  
Special District Taxes 2,114,881.00  
  
Local Tax for Municipal Purposes 19,222,668.12  
Add: Additional Tax Levied 222,434.11  
19,445,102.23  
57,677,480.93

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

Balance December 31, 2012		\$	156,726.28
Increased by:			
Transfers from Taxes Receivable	17,008.72		
Interest and Costs Accrued by Sale of April 16, 2013	76.17		
			17,084.89
Decreased by:			
Collections	768.78		
			768.78
Balance December 31, 2013		\$	173,042.39
Lower Township MUA Charges and Costs			7,848.36
Township Liens			165,194.03
			173,042.39

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2012	Accrued in 2013	Collected by		Balance Dec. 31, 2013
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	\$ -	38,800.00		38,800.00	-
Other	-	221,470.50		221,470.50	-
Fees and Permits	-	82,300.29		82,300.29	-
Fines and Costs:					
Municipal Court	6,838.64	143,733.25		139,750.42	10,821.47
Interest and Costs on Taxes	-	234,712.28		234,712.28	-
Interest Earned on Investments	-	3,192.24		3,192.24	-
Recreation Fees	-	41,485.25		41,485.25	-
PILOT - Yorkshire Place	-	20,739.14		20,739.14	-
PILOT - Haven House	-	72,950.32		72,950.32	-
Cable TV Franchise Fee	-	122,893.88		122,893.88	-
Bulk Trash Receipts	-	86,238.93		86,238.93	-
Consolidated Municipal Property Tax Relief Aid	-	80,510.76		80,510.76	-
Energy Receipts Tax	-	1,395,280.00		1,395,280.00	-
Garden State Preservation Trust	-	87,437.00		87,437.00	-
Uniform Construction Code Fees	-	521,051.15		521,051.15	-
Uniform Fire Code	-	248,355.00		248,355.00	-
Capital Surplus	-	72,468.75		72,468.75	-
Escrow Surplus	-	9,918.75		9,918.75	-
Boards of Education - Special Police	-	133,674.00		133,674.00	-
County Interlocal - Garage Services	-	47,205.00		47,205.00	-
Aid from Fire Districts #1, 2 and 3	-	57,000.00		57,000.00	-
Miscellaneous Revenue Not Anticipated		196,201.03		196,201.03	-
	\$ 6,838.64	3,917,617.52	-	3,913,634.69	10,821.47

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT:</b>					
Office of Township Council					
Salaries and Wages	692.23	692.23		692.23	-
Other Expenses	2,768.04	2,768.04	179.36	2,588.68	-
Office of Township Clerk					
Salaries and Wages	25,670.59	25,670.59		25,670.59	-
Other Expenses	2,875.65	2,875.65	2,171.61	704.04	-
Elections					
Other Expenses	1,237.81	1,237.81		1,237.81	-
Office of Township Solicitor					
Salaries and Wages	0.04	0.04		0.04	-
Other Expenses	28,492.58	28,492.58	1,712.50	26,780.08	-
Office of Township Manager					
Salaries and Wages	1,550.54	1,550.54	865.90	684.64	-
Other Expenses	346.69	346.69	237.99	108.70	-
Department of Revenue and Finance					
Salaries and Wages	9,971.02	9,971.02	3,006.84	6,964.18	-
Other Expenses	3,205.15	3,205.15	555.00	2,650.15	-
Division of Tax Assessment					
Salaries and Wages	398.71	398.71		398.71	-
Other Expenses	4,680.63	4,680.63		4,680.63	-
Division of Tax Collection					
Salaries and Wages					
Other Expenses		2,000.00	768.82	1,231.18	-
Liquidation of Tax Title Liens					
Miscellaneous Other Expenses	1,000.00	1,000.00		1,000.00	-
Department of Planning and Development	3,936.51	3,936.51	285.00	3,651.51	-
Department of Planning and Development					
Salaries and Wages		6,700.00	3,162.54	3,537.46	-
Other Expenses	7,653.77	7,653.77	3,370.94	4,282.83	-
Engineering Services and Costs					
Other Expenses	8,159.76	8,159.76		8,159.76	-
Department of Parks and Recreation					
Salaries and Wages	8,734.63	8,734.63	6,763.13	1,971.50	-
Other Expenses	11,706.73	11,706.73	10,567.31	1,139.42	-
Department of Public Works					
Salaries and Wages	18,428.25	18,428.25	17,060.98	1,367.27	-
Other Expenses	275,109.09	275,109.09	120,238.40	154,870.69	-
Sanitary Landfill					
Miscellaneous Other Expenses	27,619.08	27,619.08	24,858.93	2,760.15	-
Public Buildings and Grounds					

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

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Salaries and Wages	40.67	5,140.67	932.31	4,208.36	-
Other Expenses	45,010.90	45,010.90	24,234.30	20,776.60	-
<b>PUBLIC SAFETY</b>					
Department of Public Safety					
Salaries and Wages	35,045.18	44,945.18	24,575.34	20,369.84	-
Other Expenses	24,092.25	24,392.25	19,048.11	5,344.14	-
Uniform Fire Safety Act (PL 1983, Ch. 383)					
Salaries and Wages	3.12	323.12		323.12	-
Other Expenses	32,208.41	31,888.41	462.46	31,425.95	-
Emergency Management Services					
Salaries and Wages	552.02	552.02	6.55	552.02	-
Other Expenses	8,940.81	8,940.81		8,934.26	-
Demolition (Code Enforcement)					
Other Expenses	4,750.00	4,750.00	935.00	3,815.00	-
Police 911 Dispatchers					
Salaries and Wages	26,309.24	14,409.24		14,409.24	-
Other Expenses	3,880.94	3,880.94	3,604.26	276.68	-
<b>OFFICE OF NON-DEPARTMENTAL BOARDS, AUTHORITIES AND AGENCIES:</b>					
Municipal Land Use Law (NJSA 40:55 D-1):					
Planning Board					
Other Expenses	642.66	642.66	466.66	176.00	-
Zoning Board					
Other Expenses	320.00	320.00		320.00	-
Animal Regulation					
Salaries and Wages	1.58	501.58	420.00	81.58	-
Other Expenses					
Miscellaneous Other Expenses					
Municipal Court	1,135.90	1,135.90	1,135.90	-	-
Salaries and Wages	7,866.28	7,866.28	1,450.40	6,415.88	-
Other Expenses	2,278.17	2,278.17	899.75	1,378.42	-
Public Defender					
Salaries and Wages	0.03	0.03		0.03	-
<b>INSURANCE</b>					
General Liability					
Employee Group Health	7,487.43	7,487.43	1,711.73	5,775.70	-
<b>UNIFORM CONSTRUCTION CODE</b>					
State Uniform Construction Code	46,854.94	46,854.94	21,994.49	24,860.45	-
Construction Official					
Salaries and Wages	8,000.00	8,000.00	3,870.15	4,129.85	-



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

Balance December 31, 2012			
School Tax Payable	\$	-	
School Tax Deferred		-	
		-	\$ -
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			15,102,039.00
			15,102,039.00
Decreased by:			
Payments			15,102,039.00
Balance December 31, 2013			
School Tax Payable		-	
School Tax Deferred		-	
		-	-
Current Year Liability for Local School District School Tax:			
Tax Paid			15,102,039.00
Tax Payable Ending			-
			15,102,039.00
Less: Tax Payable Beginning			-
Amount charged to Current Year Operations			\$ 15,102,039.00

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

Balance December 31, 2012			
School Tax Payable	\$	-	
School Tax Deferred		<u>5,583,341.92</u>	
			\$ 5,583,341.92
Increased by:			
Levy - Calendar Year January 1, 2013 to December 31, 2013			<u>11,817,960.00</u>
			17,401,301.92
Decreased by:			
Payments			<u>11,492,321.90</u>
Balance December 31, 2013			
School Tax Payable		-	
Adjustment		0.02	
School Tax Deferred		<u>5,908,980.00</u>	
			<u><u>5,908,980.02</u></u>
Current Year Liability for Regional High School Tax:			
Tax Paid			11,492,321.90
Tax Payable Ending			<u>-</u>
			11,492,321.90
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u><u>\$ 11,492,321.90</u></u>

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

Purpose	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Adjustments	Balance Dec. 31, 2013
<b>FEDERAL GRANTS:</b>					
Small Cities Program	\$ 567,903.99		431,409.00	75,073.99	61,421.00
Small Cities Program	-	400,000.00			400,000.00
Small Cities Program	-	200,000.00			200,000.00
<b>Total Federal</b>	<u>567,903.99</u>	<u>600,000.00</u>	<u>431,409.00</u>	<u>75,073.99</u>	<u>661,421.00</u>
<b>STATE GRANTS:</b>					
Alliance Funds (Lower Consortium)	46,288.77		41,262.82		44,286.95
Neighborhood Preservation	54,662.83				54,662.83
Division of Culture Heritage	2,018.80				2,018.80
Over the Limit - Under Arrest	4,400.00	4,400.00	8,594.74		205.26
Drunk Driving Enforcement Fund	-	6,121.42	6,121.42		-
NJ DOT Trust Fund - Reconstruction of Clubhouse	-	175,000.00			175,000.00
EMS Homeland Security	-	5,000.00	5,000.00		-
Click it or Ticket	-	4,000.00			4,000.00
Green Communities	3,000.00				3,000.00
Cops in Shops	-	200.00			200.00
<b>Total State</b>	<u>110,370.40</u>	<u>233,982.42</u>	<u>60,978.98</u>	<u>-</u>	<u>283,373.84</u>
<b>OTHER GRANTS:</b>					
Atlantic County JIF	3,525.00	4,225.00	3,525.00	669.52	3,555.48
Comcast (Twp Share)	-	50,000.00	50,000.00		-
Comcast (LCMR Share)	-	50,000.00	50,000.00		-
<b>Total State</b>	<u>3,525.00</u>	<u>104,225.00</u>	<u>103,525.00</u>	<u>669.52</u>	<u>3,555.48</u>
<b>\$</b>	<u>681,799.39</u>	<u>938,207.42</u>	<u>595,912.98</u>	<u>75,743.51</u>	<u>948,350.32</u>

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

	Balance December 31, 2012		2013		Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed			
<b>FEDERAL GRANTS:</b>							
Small Cities Program (SCPF)	\$ 100,923.02	161,112.70		235,067.96	26,967.76	(5,086.53)	0.00
Small Cities Program (Housing)	78,260.82			83,347.35		44,605.52	-
Small Cities Block Grant - ARRA	44,605.52					35,555.00	-
Small Cities Program (CDBG)	35,555.00		400,000.00				400,000.00
Small Cities Program (ADA)	-		200,000.00	37,278.08			162,721.92
Small Cities Program (Housing)	1,200.59	257.30	1,560.00	266.30	745.00		2,006.59
Bullet Proof Vest Partnership	-	496.70	3,915.06	3,476.70			935.06
Body Armor Grant							
<b>Total Federal</b>	<b>260,544.95</b>	<b>161,866.70</b>	<b>605,475.06</b>	<b>359,436.39</b>	<b>27,712.76</b>	<b>75,073.99</b>	<b>565,663.57</b>
<b>STATE GRANTS:</b>							
NJ Emergency Management Grant	4,734.50		5,000.00	2,825.00			6,909.50
Alliance Funds (Lower Consortium)	61,666.39	7,471.95	39,261.00	30,108.12	4,279.56		74,011.66
Clean Communities	-		69,368.29	69,368.29			-
Alcohol Education and Rehabilitation	1,336.81		593.59	1,900.00			30.40
Drunk Driving Enforcement Fund	11,022.68		12,370.38	8,424.34			14,988.72
Tree Planting Grant	7,500.00						7,500.00
Neighborhood Preservation	88,680.93						88,680.93
Neighborhood Rehabilitation Grant	34,164.00						34,164.00
Over the Limit Under Arrest	4,550.95						196.32
Click it or Ticket	-			4,354.63			357.38
Recycling Tonnage Grant	-	111.68	4,000.00	3,642.62			-
NJ Office of Information Technology - 911 Grant	13,040.65		38,371.03	38,462.71			13,040.65
Cops in Shops	700.00		1,400.00	2,100.00			3,000.00
Green Communities	3,000.00		4,400.00	3,894.79			505.21
Drive Sober or Pullover	-		175,000.00				175,000.00
NJ DOT Trust Fund - Reconstruction of Clubhouse Drive	-						
<b>Total State</b>	<b>230,395.91</b>	<b>7,583.63</b>	<b>349,764.29</b>	<b>165,100.50</b>	<b>4,279.56</b>	<b>-</b>	<b>418,364.77</b>
<b>OTHER GRANTS:</b>							
Beautification of Township	5,845.67	500.00		775.00			5,570.67
Atlantic County JIF	-	547.27	4,225.00	3,555.48	547.27	669.52	-
Walmart Sustainable Jersey Small Grant	1,000.00						1,000.00
Comcast (Twp Share)	-		50,000.00				50,000.00
Comcast (LCMR Share)	-		50,000.00	9,623.00	11,242.46		29,134.54
<b>Total Other</b>	<b>6,845.67</b>	<b>1,047.27</b>	<b>104,225.00</b>	<b>13,953.48</b>	<b>11,789.73</b>	<b>669.52</b>	<b>85,705.21</b>
<b>Total</b>	<b>497,787.53</b>	<b>170,497.60</b>	<b>1,059,464.35</b>	<b>538,490.37</b>	<b>43,782.05</b>	<b>75,743.51</b>	<b>1,069,733.55</b>

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

Purpose	Balance Dec. 31, 2012	Transferred To 2013 Appropriations	Received	Adjustments	Balance Dec. 31, 2013
<b>FEDERAL GRANTS:</b>					
Body Armor	\$ 5,475.06	5,475.06	7,897.77		7,897.77
Total Federal	<u>5,475.06</u>	<u>5,475.06</u>	<u>7,897.77</u>	<u>-</u>	<u>7,897.77</u>
<b>STATE GRANTS:</b>					
Alcohol Education and Rehabilitation	593.59	593.59	316.65		316.65
Recycling Tonnage Grant	38,371.03	38,371.03	39,371.72		39,371.72
Drunk Driving Enforcement Fund	6,248.96	6,248.96	-		-
Clean Communities	-	69,368.29	69,368.29		-
Cops in Shops	1,200.00	1,200.00	-		-
Total State	<u>46,413.58</u>	<u>115,781.87</u>	<u>109,056.66</u>	<u>-</u>	<u>39,688.37</u>
	<u>\$ 51,888.64</u>	<u>121,256.93</u>	<u>116,954.43</u>	<u>-</u>	<u>47,586.14</u>

**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2012		\$	9,086.40
Increased By Receipts:			
Dog Licenses Fees	4,487.00		
State License Fees	2,852.40		
Late Fees Collected	1,065.00		
Interest	6.12		
			<u>8,410.52</u>
			17,496.92
Decreased By Disbursements:			
State of New Jersey	2,854.80		
Animal Control Expenditures	1,997.89		
Due to Current Fund	3,422.23		
			<u>8,274.92</u>
Balance December 31, 2013		\$	<u><u>9,222.00</u></u>

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

		Other
Balance December 31, 2012	\$	1,450,001.58
Increased By Receipts:		
Unemployment	90,293.10	
Reserve for Encumbrances	3,523.99	
AFLAC Flex	799.92	
DARE Receipts	1,326.77	
Police Investigative	1,000.01	
Police Forfeiture	2,221.92	
Redemption of Tax Title Liens	888,338.24	
Premiums Received at Tax Sale	631,937.10	
Historic Commission	0.37	
Dedicated Recreation Fees	126,219.82	
Fire Safety	82,233.88	
Off Duty Police	8,693.76	
Joint Housing	26.16	
Small Cities Revolving Loan	94,358.35	
Accumulated Absences	180,000.00	
Performance Deposits	24,983.68	
Developers' Escrow	88,488.36	
Donations	37,350.00	
Snow Removal	5,838.02	
	2,267,633.45	
		3,717,635.03

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

		Other
Decreased By Disbursements:		
Payment of Unemployment Claims	130,782.26	
Reserve for Encumbrances	6,138.58	
AFLAC Flex	799.82	
DARE Expenditures	700.11	
Police Investigative	820.00	
Police Forfeiture	1,000.57	
Refund of Tax Sale Certificates	913,646.59	
Refund of Premiums	566,637.10	
Public Defender	200.00	
Fire Safety Fees	11,000.00	
Dedicated Recreation Fees	120,532.28	
Off Duty Police	9,345.01	
Accumulated Absences	178,874.32	
Performance Deposits	36,800.98	
Developer's Escrow	128,824.72	
Donations	35,830.30	
Tax Maps	10,436.50	
Small Cities Revolving Loan	173,979.05	
		2,326,348.19
Balance December 31, 2013		\$ 1,391,286.84

**TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2012		\$	9,084.00
Increased By:			
Dog Licenses Fees Collected	4,487.00		
Late Fees Collected	1,065.00		
Interest	6.12		
			5,558.12
			14,642.12
Decreased By:			
Statutory Excess Due to Current Fund	3,422.23		
Animal Control Expenditures	1,997.89		
			5,420.12
Balance December 31, 2013		\$	9,222.00

License Fees Collected	<u>Year</u>	
	2011	\$ 5,990.34
	2012	5,713.12
		11,703.46

**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO (FROM) STATE OF NEW JERSEY**

Balance December 31, 2012	\$	2.40
Increased By:		
License Fees Collected	2,852.40	
	2,852.40	2,852.40
		2,854.80
Decreased By:		
Paid to State of New Jersey	2,854.80	
	2,854.80	2,854.80
Balance December 31, 2013	\$	-

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

Balance December 31, 2012		\$ 1,388,800.02
Increased by:		
Capital Improvement Fund	95,000.00	
Bond Premium	12,431.30	
Bond Anticipation Notes	4,130,000.00	
	<hr/>	<hr/>
		4,237,431.30
		5,626,231.32
Decreased by:		
Improvement Authorizations	1,078,394.25	
Bond Anticipation Notes	3,325,000.00	
	<hr/>	<hr/>
		4,403,394.25
Balance December 31, 2013		\$ <u><u>1,222,837.07</u></u>

GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 85,495.80	12,431.30						97,927.10
Capital Improvement Fund	220,323.00	95,000.00						256,323.00
Encumbrances Payable	241,532.85						720,571.71	720,571.71
Improvement Authorizations:								
04-07 Various Capital Improvements	16,121.18			22,576.36		1,975.00	15,077.00	6,646.82
05-08 Various Capital Improvements	-			215.21			215.21	-
05-09 Recreation Development Project	116,251.46			15,754.77		34,003.58	1,369.80	66,493.11
05-13 Various Capital Improvements	100,539.54			73,907.65		7,089.80	1,369.80	20,931.89
05-20 Engineering Services	5,090.00					5,513.75	5,513.75	5,090.00
06-13 Various Capital Improvements	9,952.05			9,952.05				
07-14 Various Capital Improvements	185,787.56			135,729.77		26,440.91	31,937.93	55,554.81
08-15 ADA Improvements to Township Hall	1,963.07							1,963.07
08-20 Various Capital Improvements	200,444.24			58,869.03		14,224.88	3,678.60	131,028.93
09-11 Roads/Drainage	43,134.98			18,036.39		7,270.00	9,425.00	27,253.59
09-12 Various Capital Improvements	37,204.54			8,397.81		17,416.06	20,200.00	31,590.67
10-08 Various Capital Improvements	(54,694.81)		305,000.00	180,161.07		44,203.56	81,346.74	107,287.30
10-09 Roads/Drainage	47,196.16			33,750.60		2,746.00	2,746.00	13,445.56
11-14 Various Capital Improvements	(115,275.02)		300,000.00	87,493.76		15,075.54	43,796.11	125,945.79
12-09 Acquisition of Various Equipment	6,409.94			1,183.23			423.66	5,650.37
12-10 Various Capital Improvements	344,341.10		200,000.00	289,095.99		248,318.09	25,783.05	7,582.38
12-16 Property Acquisition	(192,417.62)			1,200.00				88,200.00
12-19 Road and Drainage Improvements	89,400.00			142,064.56		296,294.54	59,000.00	(379,359.10)
13-10 Various Capital Improvements								
	\$ 1,388,800.02	107,431.30	805,000.00	1,078,394.25	-	1,021,104.56	1,021,104.56	1,222,837.07

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

Balance December 31, 2012		\$ 220,323.00
Increased by:		
Budget Appropriation	95,000.00	
	95,000.00	315,323.00
Decreased by:		
Improvement Authorizations Funded	59,000.00	
	59,000.00	256,323.00
Balance December 31, 2013		\$ <u><u>256,323.00</u></u>

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

Balance December 31, 2012		\$ 11,983,479.57
Increased by:		
None	-	-
	<hr/>	<hr/>
		11,983,479.57
Decreased by:		
Serial Bonds Paid	1,500,000.00	
Green Trust Loan Principal Paid	93,863.76	
NJEIT Bonds & Loans	675,000.00	
	<hr/>	<hr/>
		2,268,863.76
Balance December 31, 2013		\$ <u><u>9,714,615.81</u></u>

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

Ord #	Improvement Description	Balance		2013 Authorizations	Raised in 2013 Budget	Debt Issued	Balance Dec. 31, 2013	Analysis of Balance	
		Dec. 31, 2012	Dec. 31, 2012					Bond Anticipation Notes	Expenditures
07-14	Various Capital Improvements	\$ 375,000.00					375,000.00		
08-20	Various Capital Improvements	755,000.00					755,000.00		
09-11	Roads/Drainage	245,000.00					245,000.00		
09-12	Various Capital Improvements	335,000.00					335,000.00		
10-08	Various Capital Improvements	905,000.00					905,000.00		
10-09	Roads/Drainage	415,000.00					415,000.00		
11-14	Various Capital Improvements	400,000.00					400,000.00		
12-10	Various Capital Improvements	830,000.00					830,000.00		
12-16	Property Acquisition	200,000.00					200,000.00		
12-19	Road and Drainage Improvements	1,700,000.00		1,080,000.00			1,700,000.00	167,289.93	162,710.07
13-10	Various Capital Improvements	-					1,080,000.00	379,359.70	700,640.90
		<u>\$ 6,160,000.00</u>		<u>1,080,000.00</u>			<u>7,240,000.00</u>	<u>546,649.03</u>	<u>2,563,350.97</u>

Improvement Authorizations Unfunded  
Less:

Unexpended Proceeds of Bond

Anticipation Notes Issued:

Ord. Number	Amount
07-14	(55,554.81)
08-20	(131,028.93)
09-11	(27,253.59)
09-12	(31,590.67)
10-08	(107,287.30)
10-09	(13,445.56)
11-14	(125,945.79)
12-16	(7,582.38)
	<u>(499,689.03)</u>

(499,689.03)

\$ 2,563,350.97

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded				Funded	Unfunded
04-07	Various Capital Improvements	4/19/2004	1,600,000	\$ 16,121.18			9,474.36	6,646.82		
05-08	Various Capital Improvements	5/2/2005	2,005,000							
05-09	Recreation Development Project	5/2/2005	555,000	116,251.46			48,758.35	66,493.11		
05-13	Various Capital Improvements	7/6/2005	2,500,000	100,539.54			79,607.65	20,931.89		
05-20	Engineering Services	10/3/2005	46,250	5,090.00				5,090.00		
06-13	Various Capital Improvements	7/5/2006	1,000,000	9,952.05			9,952.05			
07-14	Various Capital Improvements	7/2/2007	2,365,000	185,787.56			130,232.75		55,554.81	
08-15	ADA Improvements to Township Hall	8/18/2008	189,996	1,963.07				1,963.07		
08-20	Various Capital Improvements	10/6/2008	795,000	200,444.24			69,415.31		131,028.93	
09-11	Roads/Drainage	8/17/2009	300,000	43,134.98			15,881.39		27,253.59	
09-12	Various Capital Improvements	8/17/2009	436,000	37,204.54			5,613.87		31,590.67	
10-08	Various Capital Improvements	9/6/2011	970,000	250,305.19			143,017.89		107,287.30	
10-09	Roads/Drainage	9/6/2011	445,000	47,196.16			33,750.60		13,445.56	
11-14	Various Capital Improvements	8/1/2012	440,000	184,724.88			59,779.19		125,945.79	
12-09	Acquisition of Various Equipment	5/7/2012	45,000	6,409.94			759.57	5,650.37	162,710.07	
12-10	Various Capital Improvements	5/7/2012	905,000						7,592.38	
12-16	Property Acquisition	7/16/2012	210,000	89,400.00	59,000.00			88,200.00	1,700,000.00	
12-19	Road and Drainage Improvements	8/20/2012	1,790,000	1,700,000.00					700,640.90	
13-10	Various Capital Improvements	6/3/2013	1,139,000							
			\$	3,457,272.24	3,330,721.13	59,000.00	1,080,000.00	1,557,433.11	194,975.26	3,063,040.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
General Improvements	12/15/2004	4,700,000	12/15/2014	500,000.00	3.500%	2,000,000.00		500,000.00	1,500,000.00
			12/15/2015	500,000.00	3.500%				
			12/15/2016	500,000.00	3.625%				
General Improvements	4/1/2009	8,800,000	4/1/2014	1,000,000.00	3.000%	6,400,000.00		1,000,000.00	5,400,000.00
			4/1/2015	1,000,000.00	3.000%				
			4/1/2016	1,000,000.00	3.125%				
			4/1/2017	1,200,000.00	3.500%				
			4/1/2018	1,200,000.00	4.000%				
						<u>\$ 8,400,000.00</u>		<u>1,500,000.00</u>	<u>6,900,000.00</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF REFUNDING BONDS - GENERAL**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
General Refunding Issue of 2011	8/31/2011	2,720,000	7/15/2014	680,000.00	3.000%	2,035,000.00	-	675,000.00	1,360,000.00
			7/15/2015	680,000.00	4.000%				
					\$	<u>2,035,000.00</u>		<u>675,000.00</u>	<u>1,360,000.00</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Recreation Development Various	2006	800,000	2014	38,984.74	2.000% \$	586,004.62		38,216.58	547,788.04
			2015	39,768.34					
			2016	40,567.68					
			2017	41,383.08					
			2018	42,214.90					
			2019	43,063.40					
			2020	43,928.98					
			2021	44,811.96					
			2022	45,712.68					
			2023	46,631.52					
			2024	47,568.78					
			2025	48,524.94					
			2026	24,627.04					
Recreation Development Various	2007	900,000	2014	42,993.66	1.000%	701,401.69		42,146.52	659,255.17
			2015	43,857.84					
			2016	44,739.38					
			2017	45,638.64					
			2018	46,555.98					
			2019	47,491.76					
			2020	48,446.34					
			2021	49,420.11					
			2022	50,413.45					
			2023	51,426.77					
			2024	52,460.44					
			2025	53,514.90					
			2026	54,590.55					
		2027	27,705.35						

**GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
Bennett's Crossing	2009	300,000	2014	13,772.02	1.000%	261,073.26		13,500.66	247,572.60
			2015	14,048.84					
			2016	14,331.22					
			2017	14,619.28					
			2018	14,913.13					
			2019	15,212.88					
			2020	15,518.66					
			2021	15,830.58					
			2022	16,143.78					
			2023	16,473.37					
			2024	16,804.48					
			2025	17,142.26					
			2026	17,486.82					
		2027	17,838.30						
		2028	18,196.85						
		2029	9,235.13						
						\$ 1,548,479.57	-	93,863.76	1,454,615.81

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Various Capital Improvements	07-14	8/11/2011	8/9/2012 8/8/2013	8/9/2013 8/7/2014	1.250% \$ 1.000%	375,000.00	375,000.00	375,000.00	375,000.00
Various Capital Improvements	08-20	8/11/2011	8/9/2012 8/8/2013	8/9/2013 8/7/2014	1.250% 1.000%	755,000.00	755,000.00	755,000.00	755,000.00
Stormwater Outfall Extensions	09-11	8/11/2011	8/9/2012 8/8/2013	8/9/2013 8/7/2014	1.250% 1.000%	245,000.00	245,000.00	245,000.00	245,000.00
Various Capital Improvements	09-12	8/11/2011	8/9/2012 8/8/2013	8/9/2013 8/7/2014	1.250% 1.000%	335,000.00	335,000.00	335,000.00	335,000.00
Road and Drainage Improvements	10-09	8/11/2011	8/9/2012 8/8/2013	8/9/2013 8/7/2014	1.250% 1.000%	415,000.00	415,000.00	415,000.00	415,000.00
Various Capital Improvements	10-08	8/9/2012	8/9/2012 8/8/2013	8/9/2013 8/7/2014	1.250% 1.000%	600,000.00	905,000.00	600,000.00	905,000.00
Various Capital Improvements	11-14	8/9/2012	8/9/2012 8/8/2013	8/9/2013 8/7/2014	1.250% 1.000%	100,000.00	400,000.00	100,000.00	400,000.00
Various Capital Improvements	12-10	8/9/2012	8/9/2012 8/8/2013	8/9/2013 8/7/2014	1.250% 1.000%	500,000.00	500,000.00	500,000.00	500,000.00
Property Acquisition	12-16	8/8/2013	8/8/2013	8/7/2014	1.000%	-	200,000.00	-	200,000.00
						<u>\$ 3,325,000.00</u>	<u>4,130,000.00</u>	<u>3,325,000.00</u>	<u>4,130,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	Other	Balance Dec. 31, 2013
10-08	Various Capital Improvements	\$ 305,000.00		305,000.00		-
11-14	Various Capital Improvements	300,000.00		300,000.00		-
12-10	Various Capital Improvements	330,000.00				330,000.00
12-16	Property Acquisition	200,000.00		200,000.00		-
12-19	Road and Drainage Improvements	1,700,000.00				1,700,000.00
13-10	Various Capital Improvements	-	1,080,000.00			1,080,000.00
		<u>\$ 2,835,000.00</u>	<u>1,080,000.00</u>	<u>805,000.00</u>	<u>-</u>	<u>3,110,000.00</u>

**TOWNSHIP OF LOWER**  
**PART II**  
**GENERAL COMMENTS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**



## GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2011, the bid threshold was \$17,500. Pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$36,000 with the appointment of a qualified purchasing agent. The Township adopted the bid threshold of \$36,000.

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

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

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

- Renovation for Millman Community Center
- HVAC Ductwork Replacement Millman Community Center
- Fire Suppression System for Millman Community Center
- Maintenance of Township Grounds and Parks
- Supply Asphalt
- Resurfacing of the Basketball and Tennis Courts and Installation of New Tennis Posts, Nets, New Basketball Poles and Backboards at Milnick Park
- Two 2014 Rear Loading Refuse Trucks
- One 2014 Chevrolet Tahoe SSV 4x4
- Lead Abatement Contractor
- One 2013 Dump Body, Snow Plow and Salt Spreader
- ADA Upgrades and Improvements at the Fishing Creek School
- ADA Upgrades and Improvements at the Recreation Center

### **Collection of Interest on Delinquent Taxes and Assessments**

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

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

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

**BE IT FURTHER RESOLVED** by the Township Council of the Township of Lower, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2013.

This Resolution shall take effect January 1, 2013.

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

**Delinquent Taxes and Tax Title Liens**

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

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

<u>Year</u>	<u>Number</u>
2013	34
2012	30
2011	35

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

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2013 and 2014 Taxes	25
Delinquent Taxes	25
Total	<u>50</u>

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

{This space intentionally left blank}

### Comparison of Tax Levies and Collections Currently

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

Year /	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2013 \$	57,677,480.93	56,642,986.19	98.21%
2012	55,662,327.90	54,111,897.69	97.21%
2011	55,571,637.19	54,386,397.99	97.87%
2010	55,353,129.76	54,118,125.83	97.77%
2009	54,827,639.46	53,572,096.36	97.71%

### Comparative Schedule of Tax Rate Information

	2013	2012	2011	2010	2009
Tax Rate	\$ 1.362	1.307	1.306	1.299	1.112
Apportionment of Tax Rate:					
Municipal	0.473	0.443	0.443	0.433	0.366
County	0.227	0.229	0.231	0.230	0.193
Local School	0.371	0.362	0.355	0.351	0.306
Regional School	0.291	0.273	0.277	0.285	0.247
Assessed Valuation	4,071,925,334	4,095,467,792	4,090,589,040	4,096,120,972	4,708,617,022
R = Reassessment				R	

### Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2013 \$	165,194.03	810,149.50	975,343.53	1.69%
2012	148,877.92	1,173,015.37	1,321,893.29	2.37%
2011	134,332.00	1,094,143.11	1,228,475.11	2.21%
2010	116,276.49	1,217,208.82	1,333,485.31	2.41%
2009	101,634.27	1,125,344.60	1,226,978.87	2.24%

### Uniform Construction Code

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

## Deposit of Municipal Funds

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

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

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

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

## FINDINGS AND RECOMMENDATIONS

NONE

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

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

*Leon P. Costello*

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