

**TOWNSHIP OF LOWER  
REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2023**



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**TOWNSHIP OF LOWER**  
**PART I**  
**REPORT ON AUDIT OF**  
**FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2023**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

## **INDEPENDENT AUDITOR'S REPORT**

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

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

#### ***Opinions***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Lower, as of December 31, 2023 and 2022, 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, 2023 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Lower as of December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of 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.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibility for the Audit of the Financial Statements***

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

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

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



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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lower's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08 respectively, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024, 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 the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of 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**

**May 3, 2024**

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**EXHIBIT - A**  
**CURRENT FUND**

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

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 13,821,975.52	12,076,232.69
Cash - Change	600.00	600.00
Total Cash	<u>13,822,575.52</u>	<u>12,076,832.69</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	4,504.45	11,730.84
Total Other Receivables	<u>4,504.45</u>	<u>11,730.84</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	618,116.13	475,406.28
Tax Title Lien Receivable	130,042.13	158,629.77
Lower Township MUA Lien	7,848.36	7,848.36
Property Acquired for Taxes - at Assessed Valuation	1,112,500.00	1,116,900.00
Revenue Accounts Receivable	3,610.17	3,217.55
Due from Fire District #2	-	7,000.00
Lot Clearing Assessments	1,600.00	6,160.00
Municipal Service Fees	2.05	-
Due from Federal and State Grant Fund	-	1,029,998.39
Total Receivables and Other Assets	<u>1,873,718.84</u>	<u>2,805,160.35</u>
Deferred Charges:		
Emergency Authorization	25,000.00	-
Special Emergency Appropriation	96,000.00	120,000.00
Total Deferred Charges	<u>121,000.00</u>	<u>120,000.00</u>
Total Regular Fund	<u>15,821,798.81</u>	<u>15,013,723.88</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,896,222.53	2,415,078.68
Due from Current Fund	205,166.58	-
Total Federal and State Grant Fund	<u>2,101,389.11</u>	<u>2,415,078.68</u>
Total Current Fund	<u>\$ 17,923,187.92</u>	<u>17,428,802.56</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,540,077.60	1,171,537.68
Reserve for Encumbrances	469,380.41	495,315.84
Accounts Payable	50,209.14	144,136.93
Prepaid Taxes	1,582,272.68	1,647,928.78
Overpaid Taxes	56,350.80	40,467.40
County Added Tax Payable	40,173.67	67,938.11
Due to Federal and State Grant Fund	205,166.58	-
Due to State:		
Marriage Licenses	575.00	-
Permit Surcharge Fees	10,755.00	6,397.00
Other		
Prepaid Fees		
Commercial Trash	27,685.25	-
Reserve for Municipal Relief Aid	153,933.36	76,983.00
Reserve for Garden State Trust	20,236.00	-
Reserve for Elevator Inspections	7,440.00	7,440.00
Reserve for Tax Map	37,395.75	120,000.00
Reserve for Reassessment	8,062.29	8,062.29
	<u>4,209,713.53</u>	<u>3,786,207.03</u>
Reserve for Receivables and Other Assets	1,873,718.84	2,805,160.35
Fund Balance	<u>9,738,366.44</u>	<u>8,422,356.50</u>
Total Regular Fund	<u>15,821,798.81</u>	<u>15,013,723.88</u>
Federal and State Grant Fund:		
Encumbrances Payable	429,544.73	-
Appropriated Reserves	1,671,844.38	1,385,080.29
Due to Current Fund	-	1,029,998.39
Total Federal and State Grant Fund	<u>2,101,389.11</u>	<u>2,415,078.68</u>
Total Current Fund	<u>\$ 17,923,187.92</u>	<u>17,428,802.56</u>

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

	<u>2023</u>	<u>2022</u>
Revenue and Other Income Realized		
Fund Balance	\$ 4,360,000.00	4,550,000.00
Miscellaneous Revenue Anticipated	7,556,823.85	5,901,856.55
Receipts from Delinquent Taxes	519,110.85	413,991.48
Receipts from Current Taxes	73,983,160.40	71,551,162.94
Non Budget Revenue	605,628.19	262,620.92
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,026,960.73	1,284,076.35
Prior Years' Accounts Payable Cancelled	10,230.02	4,320.55
Adjustment to Tax Billing/Overpayment	-	3,889.14
Due from State - Senior Citizen & Vet Adjustment	-	1,494.52
Interfunds Returned	1,029,998.39	1,420,454.49
Total Income	<u>89,091,912.43</u>	<u>85,393,866.94</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	11,424,324.82	11,212,738.79
Other Expenses	10,148,997.45	9,702,278.28
Deferred Charges & Statutory Expenditures	3,088,420.00	2,911,458.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	204,965.02	199,524.48
Other Expenses	2,266,172.21	1,808,698.84
Capital Improvements	250,000.00	250,000.00
Debt Service	3,442,266.39	3,286,466.36
Deferred Charges	1,089,000.00	1,371,200.00
Local District School Tax	19,778,919.00	18,973,171.00
Regional District School Tax	14,687,728.50	14,447,644.50
County Tax	14,446,158.89	13,350,171.34
County Share of Added Tax	40,173.67	67,938.11
Other:		
Special District Tax	2,525,401.00	2,488,539.89
Refund of Prior Year's Revenue	3,351.63	2,319.86
Interfunds Created	-	1,036,998.39
Due to State - Senior Citizen & Vet Adjustment	3,992.42	3,751.24
Year End Adjustment - Reserve for Fire Safety	41,031.49	70,197.83
Total Expenditures	<u>83,440,902.49</u>	<u>81,183,096.91</u>
Excess in Revenue	<u>5,651,009.94</u>	<u>4,210,770.03</u>

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

	<u>2023</u>	<u>2022</u>
Adjustments to Income before Fund Balance:		
Emergency Appropriation	25,000.00	120,000.00
Total Adjustments	<u>25,000.00</u>	<u>120,000.00</u>
Statutory Excess to Fund Balance	<u>5,676,009.94</u>	<u>4,330,770.03</u>
Fund Balance January 1	<u>8,422,356.50</u>	<u>8,641,586.47</u>
	14,098,366.44	12,972,356.50
Decreased by:		
Utilization as Anticipated Revenue	<u>4,360,000.00</u>	<u>4,550,000.00</u>
Fund Balance December 31	<u>\$ 9,738,366.44</u>	<u>8,422,356.50</u>



**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		
	Budget	N.J.S. 40A:4-87	Excess or (Deficit)
Fund Balance Anticipated	\$ 4,360,000.00		-
Total Fund Balance Anticipated	4,360,000.00	-	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	35,000.00		4,020.00
Other	115,000.00		159,229.82
Fees and Permits	72,200.00		21,192.50
Fines and Costs:			
Municipal Court	59,000.00		2,437.36
Interest and Costs on Taxes	125,000.00		80,880.52
Interest Earned on Investments	45,000.00		509,642.59
Recreation Fees	25,000.00		38,185.00
Payment in Lieu of Taxes - Yorkshire Place	15,000.00		12,526.80
Payment in Lieu of Taxes - Haven House	25,000.00		17,127.10
Payment in Lieu of Taxes - Conifer	30,000.00		7,459.92
Payment in Lieu of Taxes - Cape May Tech Village	5,000.00		5,010.62
Cable Franchise Fees	125,000.00		22,573.99
Bulk Trash Receipts	65,000.00		50,229.19
Occupancy Tax	514,188.00		222,913.81
Total Section A: Local Revenues	1,255,388.00	-	1,153,429.22
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	1,485,992.00		-
Garden State Preservation Trust Fund	87,437.00		-
Municipal Relief Aid	76,983.00		-
Total Section B: State Aid Without Offsetting Appropriations	1,650,412.00	-	-

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		
	Budget	N.J.S. 40A:4-87	Excess or (Deficit)
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	420,000.00		660,235.00
Total Section C: Uniform Construction Code Fees	420,000.00	-	240,235.00
Section D: Interlocal Municipal Service Agreements			
Offset with Appropriations			
Boards of Educations - Special Police	204,965.02		204,965.02
County Interlocal - Garage Services	54,352.98		54,352.98
Total Section D: Interlocal Municipal Service Agreements	259,318.00	-	259,318.00
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	40,755.42		40,755.42
Cape May County Arts Grant	10,831.00		10,831.00
Alcohol Education and Rehabilitation Fund		2,725.69	2,725.69
Drunk Driving Enforcement Fund		9,925.07	9,925.07
Atlantic County JIF Grant	6,475.00		6,475.00
Clean Communities		91,560.71	91,560.71
COPS in Shops		1,440.00	1,440.00
Click It or Ticket		7,000.00	7,000.00
Drive Sober or Get Pulled Over		15,750.00	15,750.00
Distracted Driving - U Text, U Drive, U Pay		7,000.00	7,000.00
Office of Emergency Management EMAA		10,000.00	10,000.00
Cape May County Municipal Alliance Funds		26,215.00	52,430.00
Cape May County ARPA Infrastructure	26,215.00	400,000.00	400,000.00
Small Cities - Outfall Replacement		400,000.00	400,000.00
Pedestrian Awareness Campaign		5,250.00	5,250.00
Youth Leadership		5,042.45	5,042.45
Opioid Settlement	10,398.98	13,547.57	23,946.55
FEMA - Close Projects		31,610.34	31,610.34

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
NJ Department of Environmental Protection Stormwater Assistance Grant		25,000.00	25,000.00	-
NJ Department of Agriculture 2023 Spotted Lanternfly Reimbursement Program		15,000.00	15,000.00	-
New Jersey Department of Transportation Ridgewood Avenue		200,000.00	200,000.00	-
Wildwood Avenue		345,085.00	345,085.00	-
DCA - Housing Services - Lead Assistance Grant		22,700.00	22,700.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	94,675.40	1,634,851.83	1,729,527.23	-
Section G: Other Special Items Uniform Fire Safety Act	437,689.84		488,514.40	50,824.56
Aid from Fire Districts #1,2 & 3	45,000.00		-	(45,000.00)
Reserve for Debt Service	200,000.00		200,000.00	-
Amount Anticipated from LTMUA per N.J.S.A. 40A:5A-12.1	160,000.00		160,000.00	-
Total Section G: Other Special Items	842,689.84	-	848,514.40	5,824.56
Total Miscellaneous Revenues:	4,522,483.24	1,634,851.83	7,556,823.85	1,399,488.78
Receipts from Delinquent Taxes	369,799.00		519,110.85	149,311.85

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, 2023**

	Anticipated		
	Budget	N.J.S. 40A:4-87	Excess or (Deficit)
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	23,021,351.43		24,498,656.84
			1,477,305.41
Total Amount to be Raised by Taxes for Support of Municipal Budget	23,021,351.43	-	1,477,305.41
Budget Totals	32,273,633.67	1,634,851.83	3,026,106.04
Non- Budget Revenues:			
Other Non- Budget Revenues:			605,628.19
	32,273,633.67	1,634,851.83	37,540,219.73
			3,631,734.23

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	73,983,160.40
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		73,983,160.40
Allocated to:		
School, County and Other Taxes		<u>51,393,109.56</u>
Balance for Support of Municipal Budget Appropriations		22,590,050.84
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>1,908,606.00</u>
Amount for Support of Municipal Budget Appropriations		<u><u>24,498,656.84</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	475,260.31	
Tax Title Lien Collections	<u>43,850.54</u>	
Total Receipts from Delinquent Taxes		<u><u>519,110.85</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Assessor	1,210.00	
Insurance Reimbursement	555.00	
Municipal Land Use Fees	83,160.39	
Police Reports	22,537.10	
Employee Car Contribution	780.00	
GovDeals	587.59	
Administration Fees - Veteran's & Senior Citizens	5,452.22	
JIF Dividend	197,503.62	
Vital Statistics	16,994.00	
FEMA - Reimbursement for Prior COVID Expenses	1,341.95	
Fish & Wildlife Refund-Prior Year	1,427.00	
Tax Sale Premium Forfeiture	7,709.71	
County Recycling Rebate	222,070.15	
Other Refunds	35,853.95	
Dog Damage Excess	5,807.56	
Miscellaneous	<u>2,637.95</u>	
Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>605,628.19</u></u>

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<b>OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:</b>					
Office of Township Council Salaries and Wages	\$ 90,500.00	90,500.00	90,500.00	-	-
Other Expenses	27,810.76	27,810.76	19,644.57	381.30	7,784.89
Office of Township Clerk Salaries and Wages	254,500.00	254,500.00	234,493.98	-	-
Other Expenses	9,675.60	9,675.60	7,974.94	1,198.69	501.97
Elections Other Expenses	7,000.00	7,500.00	7,122.94	-	377.06
Office of Township Solicitor Other Expenses	263,500.00	263,500.00	200,340.51	62,039.49	1,120.00
Office of Township Manager Salaries and Wages	200,000.00	200,000.00	196,010.42	-	3,989.58
Other Expenses	20,280.00	20,280.00	19,153.03	200.83	926.14
Office of Human Resources Salaries and Wages	70,000.00	70,000.00	-	-	70,000.00
Other Expenses	5,000.00	5,000.00	-	-	5,000.00
Department of Revenue and Finance Salaries and Wages	397,000.00	397,000.00	387,843.28	-	9,156.72
Other Expenses	45,120.00	45,120.00	38,511.87	5,221.38	1,386.75
Audit Services Other Expenses	33,620.00	33,620.00	33,620.00	-	-
Division of Tax Assessment Salaries and Wages	178,600.00	175,600.00	161,632.71	-	13,967.29
Other Expenses	30,600.00	33,600.00	19,443.15	11,364.43	2,792.42
Miscellaneous Other Expenses					

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, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Division of Taxation						
Salaries and Wages	200,500.00	200,500.00	192,002.57		8,497.43	-
Other Expenses:						
Liquidation of Tax Title Liens	15,000.00	15,000.00	13.00	14,987.00	-	-
Miscellaneous Other Expenses	13,650.00	13,650.00	4,727.38	1,856.72	7,065.90	-
Department of Planning and Development						
Salaries and Wages	177,000.00	177,000.00	173,895.62		3,104.38	-
Other Expenses	22,615.50	22,615.50	2,833.86	267.12	19,514.52	-
Engineering Services and Costs						
Other Expenses	12,000.00	12,000.00	8,657.40	3,342.60	-	0.00
Department of Parks and Recreation						
Salaries and Wages	356,000.00	356,000.00	324,719.68		31,280.32	-
Other Expenses	203,830.00	233,830.00	212,264.77	21,468.51	96.72	-
Department of Public Works						
Salaries and Wages	2,908,000.00	2,908,000.00	2,803,402.99		104,597.01	-
Other Expenses:						
Sanitary Landfill	825,000.00	809,500.00	719,445.81	50,000.00	40,054.19	-
Miscellaneous Other Expenses	337,297.02	362,297.02	320,070.88	33,019.01	9,207.13	-
Public Buildings and Grounds						
Salaries and Wages	196,000.00	196,000.00	177,324.09		18,675.91	-
Other Expenses	140,500.00	140,500.00	119,045.22	10,146.03	11,308.75	-
Department of Public Safety						
Salaries and Wages	4,955,034.98	4,955,034.98	4,785,797.14		169,237.84	-
Other Expenses	309,960.74	309,960.74	203,136.67	98,966.84	7,857.23	-

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, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Uniform Fire Safety Act (P.L. 1983, Ch. 383)						
Salaries and Wages	266,689.84	266,689.84	242,068.40		24,621.44	-
Other Expenses	216,000.00	216,000.00	202,590.54	3,339.31	10,070.15	-
Emergency Management Services						
Salaries and Wages	35,000.00	35,000.00	34,999.86		0.14	-
Other Expenses	12,500.00	12,500.00	4,195.20	170.00	8,134.80	-
Contributions to First Aid Organizations	36,000.00	36,000.00	36,000.00		-	-
Code Enforcement/Demolition						
Other Expenses	14,500.00	14,500.00	4,093.49		10,406.51	-
Police 911 Dispatchers						
Other Expenses:						
County Dispatch	500,000.00	500,000.00	500,000.00		-	-
Lease for Public Safety Building	167,091.26	167,091.26	167,091.26		-	-
Planning Board						
Other Expenses	7,950.00	7,950.00	7,687.50	170.00	92.50	-
Zoning Board of Adjustments						
Other Expenses	7,950.00	7,950.00	7,663.00		287.00	-
Animal Regulation:						
Other Expenses:						
Contractual	172,005.61	172,005.61	159,617.01		12,388.60	-
Miscellaneous Other Expenses	15,776.34	15,776.34	15,776.34		-	-
Municipal Court						
Salaries and Wages	226,000.00	226,000.00	208,549.83		17,450.17	-
Other Expenses	15,400.00	25,400.00	10,782.28	7,462.82	7,154.90	-

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, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Public Defender (P.L. 1997, C. 256) Salaries and Wages	16,500.00	16,500.00	16,500.00	-	-	-
General Liability	273,874.53	273,874.53	248,904.43	315.00	24,655.10	-
Workers Compensation Insurance	776,926.17	776,926.17	744,243.47	-	32,682.70	-
Employee Group Health	4,028,663.92	4,028,663.92	3,513,527.22	8,797.05	506,339.65	-
Health Benefit Waiver Salaries and Wages	110,000.00	110,000.00	100,416.67	-	9,583.33	-
Interlocal Agreements - Fire District #3	22,500.00	22,500.00	22,500.00	-	-	-
Wildwood	5,000.00	5,000.00	3,333.34	-	1,666.66	-
Construction Official Salaries and Wages	525,000.00	520,000.00	413,073.10	-	106,926.90	-
Other Expenses	15,650.00	15,650.00	13,451.26	452.30	1,746.44	-
Terminal Leave Salaries and Wages	380,000.00	380,000.00	270,000.00	-	-	110,000.00
Celebration of Public Events or Holidays	118,950.00	118,950.00	100,290.74	14,438.08	4,221.18	-
Electricity	217,000.00	247,000.00	199,011.27	21,452.00	26,536.73	-
Street Lighting	480,000.00	458,000.00	413,811.75	33,000.00	11,188.25	-
Telephone	90,000.00	90,000.00	75,228.98	2,814.68	11,956.34	-
Water	21,000.00	21,000.00	12,089.64	-	8,910.36	-
Natural Gas	150,000.00	122,000.00	68,870.65	15,592.95	37,536.40	-
Heating Oil	8,500.00	8,500.00	3,927.09	323.59	4,249.32	-
Gasoline	420,000.00	420,000.00	297,322.33	46,592.68	76,084.99	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>21,658,022.27</b>	<b>21,683,022.27</b>	<b>19,581,245.13</b>	<b>469,380.41</b>	<b>1,522,396.73</b>	<b>110,000.00</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, 2023**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Contingent	300.00	300.00	-	-	-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<u>21,658,322.27</u>	<u>21,683,322.27</u>	<u>19,581,245.13</u>	<u>469,380.41</u>	<u>110,000.00</u>
Detail:					
Salaries and Wages	11,542,324.82	11,534,324.82	10,813,230.34	-	110,000.00
Other Expenses	10,115,997.45	10,148,997.45	8,768,014.79	469,380.41	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>					
Deferred Charges:					
None		-		-	-
<b>Statutory Expenditures:</b>					
Contributions to:					
Public Employees' Retirement System	834,373.00	834,373.00	834,373.00	-	-
Social Security System (O.A.S.I.)	850,000.00	850,000.00	834,963.80	-	-
Unemployment	8,000.00	8,000.00	6,360.40	-	-
Police and Firemen's Retirement System	1,394,047.00	1,394,047.00	1,394,047.00	-	-
Defined Contribution Retirement Program	2,000.00	2,000.00	1,295.93	-	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<u>3,088,420.00</u>	<u>3,088,420.00</u>	<u>3,071,040.13</u>	<u>-</u>	<u>-</u>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<u>24,746,742.27</u>	<u>24,771,742.27</u>	<u>22,652,285.26</u>	<u>469,380.41</u>	<u>110,000.00</u>

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, 2023**

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged	Reserved	Encumbered	Reserved	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>							
(A) Operations - Excluded from "CAPS"							
Insurance (N.J.S.A. 40A:4-45.3(00))							
Employee Group Health	474,127.00	474,127.00	474,127.00	-	-	-	-
Interlocal Municipal Service Agreements							
School Resource Officer	204,965.02	204,965.02	204,965.02	-	-	-	-
County Interlocal - Garage Services	54,352.98	54,352.98	54,352.98	-	-	-	-
	<u>733,445.00</u>	<u>733,445.00</u>	<u>733,445.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(A) Public and Private Programs Off-Set by</b>							
Revenues							
Clean Communities		91,560.71	91,560.71	-	-	-	-
Recycling Tonnage Grant		40,755.42	40,755.42	-	-	-	-
Cops in Shops	40,755.42	1,440.00	1,440.00	-	-	-	-
Alcohol Education Rehab		2,725.69	2,725.69	-	-	-	-
Drunk Driving Enforcement Fund		9,925.07	9,925.07	-	-	-	-
Supplemental Fire Services Program							
Fire District Direct Program	8,165.00	8,165.00	8,164.00	1.00	-	-	-
FEMA - Close Projects		31,610.34	31,610.34	-	-	-	-
Office of Emergency Management - EMAA		10,000.00	10,000.00	-	-	-	-
Lanternfly Control Program		15,000.00	15,000.00	-	-	-	-
Lead Assistance Grant		22,700.00	22,700.00	-	-	-	-
Drive Sober or Get Pulled Over		15,750.00	15,750.00	-	-	-	-
Click It or Ticket		7,000.00	7,000.00	-	-	-	-
Distracted Driving		7,000.00	7,000.00	-	-	-	-
JIF Safety Grant	6,475.00	6,475.00	6,475.00	-	-	-	-
Small Cities - Stormwater Management		400,000.00	400,000.00	-	-	-	-
Cape May County Infrastructure Grant		400,000.00	400,000.00	-	-	-	-
Cape May County Arts Grant	10,831.00	10,831.00	10,831.00	-	-	-	-
Cape May County Municipal Alliance							
State Share		-	-	-	-	-	-
Local Share	26,215.00	52,430.00	52,430.00	-	-	-	-
Opioid Settlement	10,398.98	23,946.55	23,946.55	-	-	-	-
Youth Leadership		5,042.45	5,042.45	-	-	-	-

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, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
New Jersey Transportation Trust Fund		545,085.00	545,085.00	-	-	-
Stormwater Assistance Grant		25,000.00	25,000.00	-	-	-
Summer Pedestrian Awareness Program		5,250.00	5,250.00	-	-	-
Total Public and Private Programs Off-Set by Revenues	102,840.40	1,737,692.23	1,737,691.23	-	1.00	-
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries and Wages	836,285.40	2,471,137.23	2,471,136.23	-	1.00	-
Other Expenses	204,965.02	204,965.02	204,965.02	-	-	-
	631,320.38	2,266,172.21	2,266,171.21	-	1.00	-
(C) Capital Improvements						
Capital Improvement Fund	250,000.00	250,000.00	250,000.00	-	-	-
Total Capital Improvements	250,000.00	250,000.00	250,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	2,710,000.00	2,710,000.00	2,710,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes		-				-
Interest on Bonds	608,000.00	608,000.00	607,900.00	-	-	100.00
Interest on Note		-				-
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	125,000.00	125,000.00	124,366.39	-	-	633.61
Total Debt Service	3,443,000.00	3,443,000.00	3,442,266.39	-	-	733.61
(E) Deferred Charges						
Special Emergency Authorizations - 5 year	24,000.00	24,000.00	24,000.00	-	-	-
Deferred Charge -						
Ordinance #20-12	225,000.00	225,000.00	225,000.00	-	-	-
Ordinance #20-13	840,000.00	840,000.00	840,000.00	-	-	-
Total Deferred Charges	1,089,000.00	1,089,000.00	1,089,000.00	-	-	-

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, 2023**

	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"	5,618,285.40	7,253,137.23	7,252,402.62	1.00	733.61
SUBTOTAL GENERAL APPROPRIATIONS	30,365,027.67	32,024,879.50	29,904,687.88	1,540,077.60	110,733.61
(M) Reserve for Uncollected Taxes	1,908,606.00	1,908,606.00	1,908,606.00	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 32,273,633.67	33,933,485.50	31,813,293.88	1,540,077.60	110,733.61
Budget		32,273,633.67		Cancelled	110,733.61
Appropriations by 40A:4-87		1,634,851.83		Overexpended	-
Special Emergency Appropriation		25,000.00			110,733.61
		<u>33,933,485.50</u>			<u>110,733.61</u>
Reserve for Uncollected Taxes			1,908,606.00		
Deferred Charges			24,000.00		
Disbursements			<u>30,667,100.78</u>		
			32,599,706.78		
Less Appropriation Refunds			(786,412.90)		
			<u>31,813,293.88</u>		

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**EXHIBIT - B**  
**TRUST FUND**

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

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 8,674.40	9,810.60
	<u>8,674.40</u>	<u>9,810.60</u>
<u>Other Funds</u>		
Cash and Investments	4,226,806.87	4,206,500.64
Program Loans Receivable	1,343,287.14	1,272,913.79
	<u>5,570,094.01</u>	<u>5,479,414.43</u>
	<u>\$ 5,578,768.41</u>	<u>5,489,225.03</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

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

	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 8,674.40	9,769.80
Due to State of New Jersey	-	40.80
	<u>8,674.40</u>	<u>9,810.60</u>
<u>Other Funds</u>		
Deposits for Redemption of Tax Title		
Lien Certificates	36,382.95	11,220.61
Premiums Received at Tax Sale	203,000.00	146,000.00
Prepaid Trust Reserve - Outside Police Services	8,000.00	-
Reserves for -		
Program Loans Receivable	1,343,287.14	1,272,913.79
Unemployment Compensation	163,089.81	227,649.26
Performance and Escrow Deposits	292,445.36	446,196.99
Recreation	18,638.99	17,177.02
Bail Escrow	-	725.00
POAA	152.00	130.00
Small Cities Revolving Loan	820,606.31	760,362.15
Historic Commission	908.53	880.55
Police Forfeiture	26,297.21	21,534.27
Joint Housing	-	40,924.01
Public Defender	19,650.00	21,456.27
Escrow Deposits	158,711.87	179,217.50
Communiity Police	10,843.62	12,541.95
Fire Safety Fees	1,156,742.34	1,115,710.85
Off Duty Police	37,764.92	37,312.00
Accumulated Absences	1,249,555.48	1,143,444.73
Storm Emergency Reserve	24,017.48	24,017.48
	<u>5,570,094.01</u>	<u>5,479,414.43</u>
	<u>\$ 5,578,768.41</u>	<u>5,489,225.03</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

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

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

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 8,544,545.27	3,724,737.70
Deferred Charges to Future Taxation -		
Funded	26,100,695.87	19,390,227.53
Unfunded	1,220,000.00	6,935,000.00
	<u>35,865,241.14</u>	<u>30,049,965.23</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,973,786.85	2,856,169.19
Serial Bonds Payable	25,695,000.00	18,870,000.00
Green Trust Loan Payable	405,695.87	520,227.53
Improvement Authorizations:		
Funded	5,282,493.44	3,629,299.74
Unfunded	1,220,000.00	2,588,325.97
Reserve for Debt Service	911,715.70	1,111,715.70
Capital Improvement Fund	250,764.00	350,764.00
Fund Balance	125,785.28	123,463.10
	<u>\$ 35,865,241.14</u>	<u>30,049,965.23</u>

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

2022	6,935,000.00
2023	1,220,000.00

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

	<u>2023</u>	<u>2022</u>
Beginning Balance January 1	\$ 123,463.10	123,463.10
Increased by:		
Premium on Sale of Bonds	2,322.18	-
Ending Balance December 31	\$ <u>125,785.28</u>	<u>123,463.10</u>

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

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

	2023	2022
<u>General Fixed Assets</u>		
Land	\$ 2,076,786.58	2,076,786.58
Building	3,060,731.76	3,060,731.76
Machinery and Equipment	17,196,575.74	15,084,731.81
	<u>22,334,094.08</u>	<u>20,222,250.15</u>
<u>Investment in General Fixed Assets</u>		
Investment in General Fixed Assets	22,334,094.08	20,222,250.15
	<u>\$ 22,334,094.08</u>	<u>20,222,250.15</u>

The accompanying Notes To The Financial Statements are an integral part of this statement

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## **NOTES TO FINANCIAL STATEMENTS**

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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 Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township of 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 estimated population as of July 1, 2021, according to the US Census Bureau, Population Division, is 22,094.

**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 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, 2023 AND 2022

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 Township 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, 2023 AND 2022**

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 Township.

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 Township each year. The tax levy is based on the assessed valuation of taxable property within the Township. 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 Township 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 Township 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, 2023 AND 2022**

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

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

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

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, “Certain Risk Disclosures”. This statement, which is effective for fiscal years beginning after June 15, 2024, will not have an effect on the Township’s financial Statements.

#### **NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the Township is required to establish a reserve for uncollected taxes. The 2023 and 2022 statutory budgets included a reserve for uncollected taxes in the amount of \$1,908,606.00 and \$1,723,958.90. To balance the budget, the Township is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$4,360,000.00 and \$4,550,000.00.

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 Council. The following significant budget transfers were approved in the 2023 and 2022 calendar years:



**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>Budget Category</b>	<u>2023</u>	<u>2022</u>
<b>Current Fund:</b>		
Office of Human Resources		
Salaries and Wages	\$ -	(70,000.00)
Police 911 Dispatchers		
Other Expenses-County Dispatch	-	(125,000.00)
Electricity	-	52,000.00

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 budget of the succeeding year. During the 2023 calendar year, Township Council approved a \$25,000 emergency appropriation to fund unanticipated changes orders related to repairs to the Lower Township Community Pool and Restrooms.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township Council did not approve any special emergency's in 2023. The Township Council approved a special emergency in 2022 in the amount of \$120,000 for tax maps. The unfunded balance of the remaining emergencies as of December 31, 2023 is as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>Balance December 31, 2023</u>
Tax Maps	9/7/2023	\$ 120,000.00	96,000.00
		<u>\$ 120,000.00</u>	<u>96,000.00</u>

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 2023 and 2022, the following budget insertions were approved:

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

<u>Budget Category</u>	<u>2023</u>	<u>2022</u>
Clean Communities Program	\$ 91,560.71	81,632.54
Federal Opioid Settlement Funds	13,547.57	14,596.71
Atlantic County Joint Insurance Fund	-	6,475.00
Drive Sober or Get Pulled Over	15,750.00	17,500.00
Recycling Tonnage Grant	-	46,395.72
Cops in Shops	1,440.00	1,440.00
Bulletproof Vest Partnership Grant	-	6,210.00
Drunk Driving Enforcement Fund	9,925.07	-
Alcohol Education Rehab	2,725.69	4,737.97
Cape May County Municipal Alliance Funds	26,215.00	26,215.00
NJ Transportation Trust Fund - Reconstruction of Ridgewood and Wildwood Avenues	545,085.00	-
Youth Leadership	5,042.45	5,042.45
Office of Emergency Management EMAA	10,000.00	10,000.00
Small Cities	400,000.00	400,000.00
South Jersey Gas Game On Recreation Grant	-	1,000.00
Sustainable Jersey Small Grants Program	-	5,000.00
American Rescue Plan Act of 2021-Drainage Projects	-	1,116,761.15
Click It or Ticket	7,000.00	-
Distracted Driving U Text, U Drive, U Pay	7,000.00	-
Pedestrian Awareness Campaign	5,250.00	-
FEMA - Close Out Projects	31,610.34	-
Stormwater Assistance Grant	25,000.00	-
Spotted Lanternfly Reimbursement Program	15,000.00	-
Cape May County ARP Infrastructure	400,000.00	-
DCA Housing Services-Lead Assistance Grant	22,700.00	-
	<u>\$ 1,634,851.83</u>	<u>1,743,006.54</u>

**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, 2023 and 2022, the Township did not have any investments.

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

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The types 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.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the Township relative to the happening of a future condition. As of December 31, 2023 and 2022, \$0 of the Township's bank balance of \$26,768,930.89 and \$20,423,622.91 exposed to custodial credit risk.

**NOTE 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2023 and 2022:

	Balance 12/31/2022	Additions	Retirements/ Adjustments	Balance 12/31/2023
Land	\$ 2,076,786.58			2,076,786.58
Building	3,060,731.76			3,060,731.76
Machinery and Equipment	15,084,731.81	2,239,752.16	127,908.23	17,196,575.74
	<u>\$ 20,222,250.15</u>	<u>2,239,752.16</u>	<u>127,908.23</u>	<u>22,334,094.08</u>

	Balance 12/31/2021	Additions	Retirements/ Adjustments	Balance 12/31/2022
Land	\$ 2,076,786.58			2,076,786.58
Building	3,060,731.76			3,060,731.76
Machinery and Equipment	14,202,368.86	959,385.80	77,022.85	15,084,731.81
	<u>\$ 19,339,887.20</u>	<u>959,385.80</u>	<u>77,022.85</u>	<u>20,222,250.15</u>

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**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 6: LONG TERM DEBT**

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

	Balance 12/31/22	Issued	Retired	Balance 12/31/23	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 1,403,644.79	20,669.53	-	1,424,314.32	-
General Capital Fund:					
Bonds Payable	18,870,000.00	9,535,000.00	2,710,000.00	25,695,000.00	3,525,000.00
Green Trust Loans	520,227.53		114,531.66	405,695.87	116,833.70
Total long-term liabilities	<u>\$ 20,793,872.32</u>	<u>9,555,669.53</u>	<u>2,824,531.66</u>	<u>27,525,010.19</u>	<u>3,641,833.70</u>

	Balance 12/31/21	Issued	Retired	Balance 12/31/22	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 1,646,209.13	-	242,564.34	1,403,644.79	9,114.82
General Capital Fund:					
Bonds Payable	21,330,000.00		2,460,000.00	18,870,000.00	2,710,000.00
Green Trust Loans	632,502.44		112,274.91	520,227.53	114,531.66
Total long-term liabilities	<u>\$ 23,608,711.57</u>	<u>-</u>	<u>2,814,839.25</u>	<u>20,793,872.32</u>	<u>2,833,646.48</u>

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

Year Ending December 31	Principal	General Capital Fund Interest	Total
2024	\$ 3,641,833.70	939,739.31	4,581,573.01
2025	3,939,182.10	809,484.29	4,748,666.39
2026	2,786,704.41	665,688.78	3,452,393.19
2027	2,910,543.68	566,893.70	3,477,437.38
2028	2,433,196.85	468,458.11	2,901,654.96
2029-2033	8,439,235.13	1,180,392.35	9,619,627.48
2034-2035	1,950,000.00	120,000.00	2,070,000.00
	<u>\$ 26,100,695.87</u>	<u>4,750,656.54</u>	<u>30,851,352.41</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

<u>Summary of Municipal Debt</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 26,100,695.87	19,390,227.53	21,962,502.44
Total Issued	<u>26,100,695.87</u>	<u>19,390,227.53</u>	<u>21,962,502.44</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,220,000.00	6,935,000.00	6,460,000.00
Total Authorized But Not Issued	<u>1,220,000.00</u>	<u>6,935,000.00</u>	<u>6,460,000.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 27,320,695.87</u>	<u>26,325,227.53</u>	<u>28,422,502.44</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.486%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal/County General Obligations	\$ 82,956,554.87	55,635,859.00	27,320,695.87
Local and Regional High School Debt	28,614,391.85	28,614,391.85	-
	<u>\$ 111,570,946.72</u>	<u>84,250,250.85</u>	<u>27,320,695.87</u>

Net Debt \$27,320,695.87 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$5,620,024,082.33= 0.486%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 196,700,842.88
Net Debt	27,320,695.87
Remaining Borrowing Power	<u>\$ 169,380,147.01</u>

Description of Bonds and Loans Payable

At December 31, 2023, bonds payable in the General Capital Fund consisted of the following individual issues:

\$9,900,000.00 General Improvement Bonds dated July 18, 2015, due in annual installments beginning July 15, 2016 through July 15, 2025, bearing interest at various rates from 3.000% to 4.000% per annum. The balance remaining as of December 31, 2023 is \$2,680,000.00.

\$4,520,000.00 General Improvement Bonds dated August 5, 2016, due in annual installments beginning July 15, 2017 through July 15, 2027, bearing interest at various rates from 2.000% to 3.000% per annum. The balance remaining as of December 31, 2023 is \$2,030,000.00.

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

\$8,490,000.00 General Improvement Bonds dated July 15, 2018, due in annual installments beginning July 15, 2019 through July 15, 2030, bearing interest at various rates from 2.00% to 5.00% per annum. Bonds maturing on or after July 15, 2026 are redeemable at the option of the Township, in whole or in part, on any date on or after July 15, 2025. The balance remaining as of December 31, 2023 is \$5,780,000.00.

\$7,450,000 General Improvement Bonds dated August 14, 2019, due in annual installments beginning August 15, 2020 through August 15, 2031, bearing interest at various rates from 2.00% to 4.00% per annum. Bonds maturing on or after August 15, 2027 are redeemable at the option of the Township, in whole or in part, on any date on or after August 15, 2026. The balance remaining as of December 31, 2023 is \$5,670,000.00.

\$9,535,000 General Improvement Bonds dated November 1, 2023, due in annual installments beginning November 1, 2024 through November 1, 2035, bearing interest at various rates from 4.00% to 5.00% per annum. Bonds maturing on or after November 1, 2031 are redeemable at the option of the Township, in whole or in part, on any date on or after November 1, 2030. The balance remaining as of December 31, 2023 is \$9,535,000.00.

\$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, 2023 is \$120,720.76.

\$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, 2023 is \$188,271.27.

\$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, 2023 is \$96,703.84.

**NOTE 7: LEASE OBLIGATIONS**

Operating Lease

In October 2019, the Township entered into an agreement to lease two (2) postage machines for the Township Building and the Court/Police building. The term of the lease is 60 months and it will expire in October 2024. The total monthly payment for the lease is \$560.00. The Township has the option to purchase this equipment at the end of the lease term for fair market value.

The total operating lease payments made in 2023 and 2022 were \$6,720.00.

The following is a schedule of the future minimum lease payments under this lease.

Year	Amount
2024	\$ 5,040.00
2025	-
2026	-
2027	-
2028	-
Total	\$ 5,040.00

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2023 and 2022, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2024 and 2023 were as follows:

		<u>2024</u>	<u>2023</u>
Current Fund	\$	4,830,367.00	4,360,000.00

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the Township to appropriate in the 2024 budget is \$9,738,366.44.

**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, 2023, the following deferred charges are shown on the balance sheets of the current fund.

	<u>Balance December 31, 2023</u>	<u>2024 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Current fund:			
Emergency Appropriation	\$ 25,000.00	25,000.00	-
Special Emergency Appropriation	96,000.00	24,000.00	72,000.00
	<u>\$ 121,000.00</u>	<u>49,000.00</u>	<u>72,000.00</u>

The appropriations in the 2024 budget are not less than that required by statute.

**NOTE 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$19,778,919.00 and \$18,973,171.00 have been raised for the 2023 and 2022 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 \$14,602,457.00 and \$14,773,000.00 have been raised for the 2023 and 2022 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>12/31/2023</u>	<u>12/31/2022</u>
Balance of Tax	\$ 7,301,228.50	7,386,500.00
Deferred	7,301,228.50	7,386,500.00
Tax Payable	<u>\$ -</u>	<u>-</u>