

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

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 12/31/2023	Balance 12/31/2022
Prepaid Taxes	\$ 1,582,272.68	1,647,928.78
Cash Liability for Taxes Collected in Advance	<u>\$ 1,582,272.68</u>	<u>1,647,928.78</u>

NOTE 12: PENSION FUNDS

Description of Plans

Substantially all of the Township's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) 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, Township, 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.

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and

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employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 16.82% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2023, 2022, and 2021 were \$34,373.00, \$718,689.00, and \$706,932.00.

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, 2023, 2022, and 2021 were \$1,394,047.00, \$1,307,269.00, and \$1,296,740.00.

The total payroll for the year ended December 31, 2023, 2022, and 2021 was \$11,202,636.98, \$11,071,486.84, and \$11,192,645.42. Payroll covered by PERS was \$4,959,642.00, \$4,739,075.00, and \$4,730,025.00. Payroll covered by PRFS was \$4,233,172.00, \$4,001,004.00, and \$3,901,661.00.

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 2012, 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).

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, special retirement under PFRS, and employer contributions to the retirement systems.

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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 1/60th from 1/55th, 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. For new members of PERS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. 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 1/7th 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: PENSION LIABILITIES

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

The following represents the municipality's pension liabilities as June 30, 2022:

Public Employees' Retirement System

The Township has a liability of \$9,985,216 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Township's proportion would be 0.06616504570%, which would be an increase of 7.82% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Township would have recognized pension expense of \$(777,394). At December 31, 2022, the Township would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 72,069	(63,554)
Changes of assumptions	30,937	(1,495,182)
Changes in proportion	776,358	(380,336)
Net difference between projected and actual earnings on pension plan investments	413,279	-
Total	\$ 1,292,643	(1,939,072)

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

Year ended June 30,	
2023	\$ (590,871)
2024	(217,615)
2025	(15,290)
2026	178,737
2027	(1,390)
Total	\$ (646,429)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

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

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The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

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

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the net pension liability	\$ 11,974,322	\$ 9,985,216	\$ 8,294,289

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Township has a liability of \$12,269,207 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2021 that was rolled forward to June 30, 2022. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Township's proportion would be 0.10718876000%, which would be a decrease of 4.44% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Township would have recognized pension expense of \$(130,174). At December 31, 2022, the Township would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 555,337	\$ (751,656)
Changes of assumptions	33,625	(1,544,451)
Changes in proportion	358,252	(968,025)
Net difference between projected and actual earnings on pension plan investments	1,123,499	-
Total	<u>\$ 2,070,713</u>	<u>\$ (3,264,132)</u>

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

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Year ended June 30,	
2023	\$ (1,254,784)
2024	(801,885)
2025	(763,884)
2026	1,595,635
2027	15,377
Thereafter	16,121
Total	<u>\$ (1,193,419)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation of July 1, 2020, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate

Price	2.75%
Wage	3.25%

Salary increases: 3.25% - 16.25% (based on years of service)

Investment rate of return: 7.00%

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
Township's proportionate share of the net pension liability	17,337,968.08	12,269,207.00	8,049,933.72

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2022 State special funding situation net pension liability amount of \$2,037,115,833.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2022 State special funding situation pension expense of \$235,029,281.00 is

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the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Township was 0.10718876000% for 2022. The net pension liability amount allocated to the Township was \$2,183,559. For the fiscal year ending June 30, 2022 State special funding situation pension expense of \$251,925 is allocated to the Township.

Pension plan fiduciary net position.

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

NOTE 14: OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

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

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

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

1) retired on a disability pension;

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

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

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

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

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

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Township these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$3,872,142,278, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

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

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

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Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2022 is as follows:

	June 30, 2022	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 16,090,925,144	\$ 32,373,645
Plan Fiduciary Net Position (Deficit)	(58,670,334)	(114,299)
Net OPEB Liability	<u>\$ 16,149,595,478</u>	<u>\$ 32,487,944</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	-0.35%

At June 30, 2022 the Township's proportionate share of the Collective Net OPEB Liability was \$32,487,944. The State's proportionate share for the Special Funding Situation that is associated with the Township is \$1,155,627. The Township's proportion of the Collective Net OPEB Liability was 0.194815% which was an increase from the prior year of 1.74%. The State's proportionate share attributable to the Township of the Collective Net OPEB Liability for the Special Funding Situation was 0.030414% which was an increase from the prior year of 1.62%.

Township's Proportionate Share of Collective Net OPEB Liability	\$ 31,461,834
State's proportionate share that is associated with the Township	1,026,110
Total	<u>\$ 32,487,944</u>

For the Year ended June 30, 2021 the Township's total OPEB expense was \$(1,470,630) and the State of New Jersey realized total OPEB expense in the amount of \$(168,304) for its proportionate share of total OPEB expense that is associated with the Township.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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Investment Rate of Return
Including Inflation rate 3.54%

Salary increases*:

PERS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0 6.55	
	5	5.75
	10	4.75
	15	3.75
	20	3.15
	25	2.85
	>=29	2.75

PFRS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0 16.25	
	5	11.00
	10	6.00
	15	4.00
	>=17	3.25

Mortality:

Pre-Retirement Healthy Mortality:

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

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

Post-Retirement Healthy Mortality

Chapter 330 Retirees: PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disable Retiree Mortality:

PERS Future Disabled Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS Future Disabled Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Chapter 330 Current Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

Other Current Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021 and July 1, 2018 to June 30, 2021, respectively.

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index each year.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

		1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Collective				
Net OPEB Liability	\$	18,720,632,230	16,149,595,478	14,080,955,857
Proportionate Share				
Net OPEB Liability	\$	37,660,067	32,487,944	28,326,487

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

The following presents the net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		1% Decrease	Healthcare cost Trend Rate	1% Increase
Collective				
Net OPEB Liability	\$	13,700,188,049	16,149,595,478	19,286,596,671
Proportionate Share				
Net OPEB Liability	\$	27,560,501	32,487,944	38,798,611

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

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 833,982,363	(2,993,448,535)	1,624,723	(5,831,687)
Changes of assumptions	2,155,230,462	(5,511,545,572)	4,198,712	(10,737,318)
Net difference between projected and actual earnings on OPEB plan investments	4,251,491		8,283	
Changes in proportion and differences between contributions and proportionate share of contributions			10,234,694	(1,847,070)
Total	\$ 2,993,464,316	(8,504,994,107)	16,066,412	(18,416,075)

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

Year Ended June 30,	Collective Totals	Proportionate Share
2023	\$ (1,463,380,541.00)	(623,865.11)
2024	(1,464,672,406.00)	(624,415.85)
2025	(1,156,630,075.00)	(493,091.94)
2026	(516,557,746.00)	(220,217.74)
2027	(115,810,526.00)	(49,372.08)
Thereafter	(794,478,497.00)	(338,700.29)
Total	\$ (5,511,529,791.00)	(2,349,663.00)

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2022 are as follows:

Service cost	\$ 796,654,029
Interest on Total OPEB Liability	401,372,615
Expected Investment Return	86,955
Administrative Expenses	12,334,441
Changes of Benefit Terms	402,474,416
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(630,413,303)
Changes in Assumptions	(835,585,441)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,032,008
Total Collective OPEB Expense	\$ 150,955,720

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

Schedule of Township's Share of Net OPEB Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Township's Proportionate Share of Net OPEB Liability	\$ 0.19482%	0.19043%	0.14491%	0.13145%	0.14098%
Township's Share of Net OPEB Liability	32,487,944	34,277,703	26,007,155	17,806,040	22,086,328
Township's Covered Payroll	4,739,075	4,730,025	4,543,822	4,515,811	4,519,026
Township's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	685.53%	724.68%	572.36%	394.30%	488.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	0.28%	0.97%	1.97%	1.98%

NOTE 15: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused vacation, personal and sick time, 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, 2023, the Township estimates this liability to approximate \$1,424,314.32 based on 2022 pay rates and compensated absence balances. The Township has established a trust reserve for accumulated absences in the amount of \$1,249,555.48 to offset this liability.

NOTE 16: 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 17: RISK MANAGEMENT

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

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2023 and 2022 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.

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

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for the amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 56,506.13	121,065.58	163,089.81
2022	197,196.85	97,520.80	227,649.26
2021	79,620.65	102,536.39	127,973.21

NOTE 18: 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
AXA/Equitable
VOYA

NOTE 19: CONTINGENT LIABILITIES

From time to time, the Township is a defendant in legal proceedings relating to its operations as a Township. 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.

NOTE 20: INTERFUND BALANCES

During the most current calendar year ended December 31, 2023, 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:		
Federal and State Grant Fund	\$	205,166.58
Federal and State Grant Fund:		
Current Fund	205,166.58	
	\$ 205,166.58	205,166.58

The amounts due to the Grant fund from the Current fund are for amounts appropriated in the Township's budget.

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

NOTE 21: SUBSEQUENT EVENTS

Contracts Awarded

On January 17, 2024, Township Council accepted bids and awarded the contract for Diamond Beach Park Improvements to Fred M. Schiavone Construction, Inc. in the amount of \$1,299,280.00. This project will be funded through capital ordinance #2022-06, adopted June 6, 2022, as well as a \$846,289.13 grant awarded through the Cape May County Open Space and Farmland Preservation Fund.

On February 6, 2024, Township Council accepted bids and awarded the contract for Beach Access Paths Installation to Fred M. Schiavone Construction, Inc. in the amount of \$379,810.00. This project will be funded through Capital Ordinance #2017-10, Roads and Drainage Improvements, Beach Drive, which was adopted on August 7, 2017.

Other

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2023 and through May 3, 2024, the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Township that would require disclosure or adjustment.

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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

To the Honorable Mayor and
Members of the Township Council
Township of Lower
County of Cape May, 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 financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Lower, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 3, 2024, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Lower prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

May 3, 2024



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE & NJ OMB 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Township of Lower's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and NJ OMB 15-08 that could have a direct and material effect on each of the Township's major federal and state programs for the year ended December 31, 2023. The Township of Lower's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township of Lower complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08. Our responsibilities under those standards, OMB Circular Uniform Guidance and NJ OMB 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of this report.

We are required to be independent of the Township of Lower and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Township of Lower's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its Federal and State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township of Lower's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and NJ OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township of Lower's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Township of Lower's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township of Lower's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Township of Lower's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
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CERTIFIED PUBLIC ACCOUNTANTS

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

May 3, 2024

**TOWNSHIP OF LOWER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

Federal Grantor / Pass-through Grantor Program	AL Number	Grant Period From To	Program or Award Amount	Unexpended Balance 12/31/22	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/23
Department of Law and Public Safety								
Emergency Management Agency Assistance (EMMA)	97.042	1/1/21	12/31/21	\$ 1,374.66		1,374.66		-
Emergency Management Agency Assistance (EMMA)	97.042	1/1/22	12/31/22	10,000.00		6,294.43		3,705.57
Emergency Management Agency Assistance (EMMA)	97.042	1/1/23	12/31/23	10,000.00	10,000.00			10,000.00
Total Department of Environmental Protection				11,374.66	10,000.00	7,669.09	-	13,705.57
DOT National Highway Traffic Safety Administration								
Passed through the New Jersey Department of Highway Safety								
Drive Sober or Get Pulled Over	20.616	12/1/2022	1/1/2023	10,500.00				1,050.00
Year End Holiday Crackdown	20.616	12/1/2023	1/1/2024	8,750.00	8,750.00	4,270.00		4,480.00
Year End Holiday Crackdown	20.616	8/18/2023	9/4/2023	7,000.00	7,000.00	3,290.00	(1,050.00)	2,660.00
Labor Day Crackdown	20.610	4/4/2023	4/30/2023	7,000.00	7,000.00	7,000.00		-
Distracted Driving Crackdown (U Text, U Drive, U Pay)	20.614	5/22/2023	6/4/2023	7,000.00	7,000.00	7,000.00		-
Click It or Ticket Seat Belt Mobilization	20.616	5/24/2022	9/15/2022	280.00		280.00		-
Cops in Shops - Summer Shore Initiative	20.616	5/24/2022	9/15/2022	1,440.00				-
Cops in Shops - Summer Shore Initiative	20.616	5/24/2023	9/15/2023	1,440.00	1,440.00	1,400.00	(40.00)	-
Total Department of Law and Public Safety				5,600.00	31,190.00	27,510.00	(1,090.00)	8,190.00
Community Development Block Granta								
Housing Rehabilitation	14.218	1/1/19	12/31/19	90.00				90.00
ADA Compliance Rotary Park	14.218	1/1/20	12/31/20	400,000.00		400,000.00		-
Villas Drainage Projects	14.228	1/1/22	12/31/22	55,459.57		35,009.33		20,450.24
Stormwater Improvements (Outfall Replacements)	14.228	1/1/23	12/31/23	400,000.00	400,000.00			400,000.00
Federal Emergency Management Agency				455,549.57	400,000.00	435,009.33	-	420,540.24
Small Project Closeout	97.036	1/1/23	12/31/23	31,610.34	31,610.34	31,610.34		-
Department of Community Affairs				-	31,610.34	31,610.34	-	-
National Opiod Settlement	93.788	1/1/2022	12/31/2022	14,596.71				14,596.71
National Opiod Settlement	93.788	1/1/2023	12/31/2023	23,946.55	23,946.55			23,946.55
Coronavirus State and Local Fiscal Recovery Funds				14,596.71	23,946.55	-	-	38,543.26
Drainage Projects within the Township	21.027	1/1/2022	12/31/2024	802,775.13		618,500.00		184,275.13
Total Department of Community Affairs				817,371.84	23,946.55	618,500.00	-	222,818.39
Total Federal Assistance				\$ 1,289,896.07	496,746.89	1,120,298.76	(1,090.00)	665,254.20

See Accompanying Notes to Schedules of Federal and State Financial Assistance

**TOWNSHIP OF LOWER
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023**

Schedule B

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From To	Grant Award	Unexpended Balance 12/31/22	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/23	Accumulated Expenditures
Department of Transportation:									
Transportation Trust Fund Authority Act									
Reconstruction of Ridgewood Avenue	6320-480-601381-61	1/1/2023 12/31/2023	200,000.00	-	200,000.00	6,106.25		193,893.75	6,106.25
Reconstruction of Wildwood Avenue	6320-480-601381-61	1/1/2023 12/31/2023	345,085.00	-	345,085.00	2,000.00		343,085.00	2,000.00
Total Department of Transportation				-	545,085.00	8,106.25	-	536,978.75	8,106.25
Department of Law and Public Safety:									
Bulletproof Vest Partnership	1020-718-066-1020	1/1/2021 12/31/2021	8,270.22	1,810.22		1,810.22		-	8,270.22
Alcohol Education and Rehabilitation	NA	1/1/2023 12/31/2023	2,725.69		2,725.69			2,725.69	-
Alcohol Education and Rehabilitation	NA	1/1/2022 12/31/2022	4,737.97	4,737.97				4,737.97	-
Alcohol Education and Rehabilitation	NA	1/1/2021 12/31/2021	14,902.57	14,902.57				14,902.57	-
Drunk Driving Enforcement	NA	1/1/2023 12/31/2023	9,925.07		9,925.07			9,925.07	-
Drunk Driving Enforcement	NA	1/1/2021 12/31/2021	9,681.74	9,681.74		1,080.15	480.00	9,081.59	1,080.15
2023 Summer Pedestrian Awareness Campaign	NA		5,250.00		5,250.00	5,110.00		140.00	5,110.00
Total Department of Law and Public Safety				31,132.50	17,900.76	8,000.37	480.00	41,512.89	14,460.37
Department of Agriculture									
Spotted Lanternfly Control	NA	1/1/2023 12/31/2023	15,000.00		15,000.00			15,000.00	-
Total Department of Agriculture				-	15,000.00	-	-	15,000.00	-
Department of Community Affairs									
New Jersey Historic Trust	NA	1/1/2021 12/31/2021	5,007.40	3,112.50			(3,112.50)	-	1,894.90
Lead Assistant Grant	NA	1/1/2023 12/31/2023	22,700.00		22,700.00			22,700.00	-
Total Department of Community Affairs				3,112.50	22,700.00	-	(3,112.50)	22,700.00	1,894.90
Department of Environmental Protection									
Clean Community Program	4900-765-042-4900	1/1/2023 12/31/2023	91,560.71		91,560.71	91,560.71		-	91,560.71
Clean Community Program	4900-765-042-4900	1/1/2022 12/31/2022	81,832.54	500.00		500.00		-	81,832.54
Clean Community Program	4900-765-042-4900	1/1/2021 12/31/2021	76,211.60					-	76,211.60
Recycling Tonnage Grant	NA	1/1/2023 12/31/2023	40,755.42		40,755.42	40,555.42		200.00	40,555.42
Stormwater Assistance Grant	NA	1/1/2023 12/31/2023	25,000.00		25,000.00	3,600.00		21,400.00	3,600.00
Total Department of Environmental Protection				500.00	157,316.13	136,216.13	-	21,600.00	293,760.27
Total State Assistance				34,745.00	758,001.89	152,322.75	(2,632.50)	637,791.64	318,221.79

See Accompanying Notes to Schedules of Federal and State Financial Assistance

TOWNSHIP OF LOWER
NOTES TO SCHEDULE OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023

Note 1: GENERAL

The accompanying schedule of expenditures of federal awards and 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 comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining the single audit threshold on major programs. The Township has elected not to use the 10% de minimis indirect cost rate.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. 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>
Expenditure per Schedule of Expenditures of			
Federal Awards and State Financial Assistance	\$ 1,120,298.76	241,249.81	1,361,548.57
Encumbrances, net	<u>(340,617.67)</u>	<u>(88,927.06)</u>	<u>(429,544.73)</u>
Expenditures reported in Basic Financial Statements	<u>\$ 779,681.09</u>	<u>152,322.75</u>	<u>932,003.84</u>

**TOWNSHIP OF LOWER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section I -- Summary of Auditor's Results

Financial Statement

Type of auditor's report issued	<u>Adverse under GAAP, Unmodified under Regulatory Basis</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	<u> X </u>	no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u>	none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u>	no

Federal Awards

Internal Control over major programs:			
• Material weakness(es) identified?	_____ yes	<u> X </u>	no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u>	none reported
Type of auditor's report issued on compliance major programs	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance	_____ yes	<u> X </u>	no

Identification of major programs:

<u>Assistance Listing (AL) Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds</u>
_____	_____
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs:	\$ <u>750,000.00</u>
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

**TOWNSHIP OF LOWER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

State Awards

Not Applicable

Internal Control over major programs:

- Material weakness(es) identified? _____ yes _____ no
- Significant deficiency(ies) identified? _____ yes _____ none reported

Type of auditor's report issued on
compliance major programs

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular 15-08

_____ yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

Dollar Threshold used to distinguish between type A and
type B programs:

\$ _____

Auditee qualified as low-risk auditee?

_____ yes _____ no

Part 2 -- Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of Federal Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR FINDINGS

There were no findings in 2022

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2022	\$ 12,076,232.69	-
Increased by Receipts:		
Tax Collector	72,475,688.62	
Tax Title Liens	43,850.54	
Prepaid Taxes	1,582,272.68	
Appropriation Refunds	786,412.90	
Revenue Accounts Receivable	5,750,313.62	
Miscellaneous Revenue	605,628.19	
Prepaid Commercial Trash Receipts	27,685.25	
Due from State of New Jersey -		
Senior Citizens & Veterans	272,610.99	
Municipal Relief Fund Aid	153,933.36	
Garden State Trust	20,236.00	
Due to State of New Jersey -		
Marriage and Burial Licenses	1,950.00	
Permit Surcharge Fees	39,636.00	
Due from Fire District #2 - 2022 Tax	7,000.00	
Due to Lower Township MUA-Tax Sale	125,890.18	
Due from General Capital	13,021,379.11	
Due from Trust Funds	117,135.87	
Due from Current Fund		32,182.08
Federal and State Unappropriated	-	-
Federal and State Receivables	2,218,588.89	25,586.53
	<u>97,250,212.20</u>	<u>57,768.61</u>
	109,326,444.89	57,768.61
Decreased by Disbursements:		
Current Year Appropriation	30,667,100.78	
Prior Year Appropriations	601,513.41	
Accounts Payable	129,077.15	
County Taxes	14,446,158.89	
County Added and Omitted Taxes	67,938.11	
Local District School Taxes	19,778,919.00	
Regional School Taxes	14,687,728.50	
Fire District Taxes	2,525,401.00	
Due to State of New Jersey -		
Marriage and Burial Licenses	1,375.00	
Permit Surcharge Fees	35,278.00	
Due to Lower Township MUA-Tax Sale	125,890.18	
Due to Grant Fund	32,182.08	
Due to Trust Funds	117,135.87	
Due to General Capital Fund	11,123,819.08	
Due to Grant Fund	32,182.08	
Tax Map/Revaluation	82,604.25	
Refund of Tax Overpayments	49,548.79	
Uniform Fire Safety Act Year End Adjustment	41,031.49	
Other Miscellaneous Refunds		
Senior Citizens and Veterans	5,213.87	
Other	2,650.00	
Federal and State Disbursements	951,721.84	57,768.61
	<u>95,504,469.37</u>	<u>57,768.61</u>
Balance December 31, 2023	\$ <u>13,821,975.52</u>	<u>-</u>

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

Year	Balance Dec. 31, 2022	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2023
				2022	2023				
Arrears	\$ 724.74				724.74				-
2022	474,681.54		3,351.63		474,535.57	1,778.67	1,718.93		(0.00)
	475,406.28	-	3,351.63	-	475,260.31	1,778.67	1,718.93	-	(0.00)
2023	-	74,476,949.56	209,548.82	1,647,928.78	72,335,231.62	73,254.59	11,967.26		618,116.13
	\$ 475,406.28	74,476,949.56	212,900.45	1,647,928.78	72,810,491.93	75,033.26	13,686.19	-	618,116.13
<hr/>									
Analysis of Current Year Tax Levy									
Tax Yield:									
General Property Tax									
Special District Taxes									
Added Taxes (54:4-63.1 et. Seq.)									
					71,951,548.56				
					2,525,401.00				
					<u>209,548.82</u>				
						74,686,498.38			
<hr/>									
Tax Levy:									
General County Taxes									
County Library Taxes									
County Open Space Taxes									
County Added and Omitted Taxes									
Total County Taxes									
					11,925,992.43				
					1,947,468.62				
					<u>572,697.84</u>				
					40,173.67	14,486,332.56			
<hr/>									
Local School District Tax									
Regional School District Tax									
Special District Taxes									
					19,778,919.00				
					14,602,457.00				
					2,525,401.00				
<hr/>									
Local Tax for Municipal Purposes									
Add: Additional Tax Levied									
					23,021,351.43				
					<u>272,037.39</u>				
						23,293,388.82			
						<u>74,686,498.38</u>			

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

Balance December 31, 2022		\$	166,478.13
Increased by:			
Transfers from Taxes Receivable	13,686.19		
Lot Clearing Charges	975.00		
Foreclosure Vacated	146.71		
Interest and Costs Accrued by Sale September 19, 2023	455.00		
			<u>15,262.90</u>
			181,741.03
Decreased by:			
Collections	43,850.54		
Transferred to Foreclosed Property	-		
			<u>43,850.54</u>
Balance December 31, 2023		\$	<u><u>137,890.49</u></u>
Lower Township MUA Charges and Costs			7,848.36
Lot Clearing			443.08
Township Liens			<u>129,599.05</u>
			<u><u>137,890.49</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2022	Accrued in 2023	Collector	Collected by Treasurer	Other	Balance Dec. 31, 2023
Licenses:						
Alcoholic Beverages	\$	39,020.00		39,020.00		
Other		274,229.82		274,229.82		
Fees and Permits		93,392.50		93,392.50		
Fines and Costs:						
Municipal Court	3,217.55	61,829.98		61,437.36		3,610.17
Interest and Costs on Taxes		205,880.52	205,880.52			
Interest Earned on Investments		554,642.59		554,642.59		
Amount Anticipated from LTMUA per N.J.S.A. 40A:5A-12.1		160,000.00		160,000.00		
Recreation Fees		63,185.00		63,185.00		
Payment in Lieu of Taxes - Yorkshire Place		27,526.80		27,526.80		
Payment in Lieu of Taxes - Haven House		42,127.10		42,127.10		
Payment in Lieu of Taxes - Conifer		37,459.92		37,459.92		
Payment in Lieu of Taxes - CM Tech Village		10,010.62		10,010.62		
Cable TV Franchise Fee		147,573.99		147,573.99		
Bulk Trash Receipts		115,229.19		115,229.19		
Occupancy Tax		737,101.81		737,101.81		
Energy Receipts Tax		1,485,992.00		1,485,992.00		
Garden State Preservation Trust		87,437.00		87,437.00		
Uniform Construction Code Fees		660,235.00		660,235.00		
Uniform Fire Code		488,514.40		488,514.40		
Reserve to Pay Debt Service		200,000.00		200,000.00		
Boards of Education - Special Police		204,965.02		204,965.02		
County Interlocal - Garage Services		54,352.98		54,352.98		
Miscellaneous Revenue Not Anticipated		605,628.19		605,628.19		
	<u>\$ 3,217.55</u>	<u>6,356,334.43</u>	<u>205,880.52</u>	<u>6,150,061.29</u>	<u>-</u>	<u>3,610.17</u>

Cash Received
Prior Year Prepayments

\$ 6,150,061.29
\$ 6,150,061.29

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Office of Township Council						
Salaries and Wages	0.04	0.04	-		0.04	
Other Expenses	5,765.52	5,765.52	85.44	235.00	5,445.08	
Office of Township Clerk						
Salaries and Wages	15,140.63	15,140.63	-		15,140.63	
Other Expenses	3,009.50	3,009.50	809.00		2,200.50	
Elections						
Other Expenses	2,292.73	2,292.73	25.95		2,266.78	
Office of Township Solicitor						
Other Expenses	59,409.58	59,409.58	9,483.00	16,127.00	33,799.58	
Office of Township Manager						
Salaries and Wages	8,811.60	8,811.60	1,280.65		7,530.95	
Other Expenses	1,260.98	1,260.98	550.79		710.19	
Department of Revenue and Finance						
Salaries and Wages	3,152.71	3,152.71	3,152.71		-	
Other Expenses	7,453.30	7,453.30	108.91		7,344.39	
Audit Services						
Other Expenses	300.00	300.00	-		300.00	
Division of Tax Collection						
Salaries and Wages	12,207.18	12,207.18	-		12,207.18	
Other Expenses						
Miscellaneous Other Expenses						
Liquidation of Tax Title Liens						
Salaries and Wages	5,125.06	5,125.06	4,458.65		666.41	
Other Expenses	15,085.76	15,085.76	7,219.59	7,366.17	500.00	
Division of Tax Assessment						
Salaries and Wages	5,341.95	5,341.95	-		5,341.95	
Other Expenses	8,593.85	8,593.85	7,528.52	835.00	230.33	
Department of Planning and Development						
Salaries and Wages	2,868.19	2,868.19	2,090.90		777.29	
Other Expenses	12,763.83	12,763.83	651.50	8,800.00	3,312.33	
Engineering Services and Costs						
Other Expenses	863.75	863.75	-	863.75	-	
Department of Parks and Recreation						
Salaries and Wages	45,088.46	41,088.46	1,441.15		39,647.31	
Other Expenses	10,692.86	19,692.86	15,232.06	2,074.50	2,386.30	
Department of Public Works						
Salaries and Wages	100,309.43	100,309.43	7,472.35		92,837.08	
Other Expenses						
Sanitary Landfill						
Miscellaneous Other Expenses	175,622.21	175,622.21	131,176.61		44,445.60	
	33,039.04	39,039.04	35,832.51	1,300.38	1,906.15	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
Public Buildings and Grounds						
Salaries and Wages	611.46	611.46	-		611.46	
Other Expenses	13,947.70	13,947.70	10,864.68		3,083.02	
PUBLIC SAFETY						
Department of Public Safety						
Salaries and Wages	193,605.60	193,605.60	65,281.60		128,324.00	
Other Expenses	114,892.40	114,892.40	108,107.23	777.58	6,007.59	
Uniform Fire Safety Act (PL 1983, Ch. 383)						
Salaries and Wages	10,894.08	10,894.08	-		10,894.08	
Other Expenses	76,580.38	76,580.38	2,823.97		73,756.41	
Emergency Management Services						
Salaries and Wages	10,000.02	10,000.02	-		10,000.02	
Other Expenses	10,260.60	10,260.60	-		10,260.60	
Code Enforcement/Demolition						
Other Expenses	10,044.87	10,044.87	414.63		9,630.24	
Planning Board						
Other Expenses	450.00	450.00	-		450.00	
Zoning Board of Adjustments						
Other Expenses	431.50	431.50	-		431.50	
OFFICE OF NON-DEPARTMENTAL BOARDS, AUTHORITIES AND AGENCIES:						
Animal Regulation						
Other Expenses	1,651.37	1,651.37	1,217.00		434.37	
Contractual						
Municipal Court						
Salaries and Wages	9,590.19	9,590.19	-		9,590.19	
Other Expenses	6,048.31	6,048.31	1,628.16		4,420.15	
INSURANCE						
General Liability	10,104.47	10,104.47	1,391.70		8,712.77	
Employee Group Health Benefits	308,753.56	297,753.56	28,752.94		269,000.62	
Health Benefit						
Salaries and Wages	833.33	833.33	-		833.33	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	126,912.22	116,912.22	-		116,912.22	
Other Expenses	8,502.81	8,502.81	381.29		8,121.52	
UNCLASSIFIED						
Celebration of Public Events or Holidays						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	5,922.95	5,922.95	5,531.01		391.94	
Street Lighting	53,543.32	53,543.32	21,408.18		32,135.14	
Telephone	42,029.02	42,029.02	38,046.91		3,982.11	
Water & Sewer	11,927.50	11,927.50	9,427.71		2,499.79	
Natural Gas	6,361.43	6,361.43	-		6,361.43	
Heating Oil	7,366.45	17,366.45	14,150.42		3,216.03	
Gasoline	2,031.70	2,031.70	1,365.71		665.99	
Contingent	70,568.70	70,568.70	62,119.98		8,448.72	
REGULATORY EXPENDITURES						
Contributions to						
Social Security System	10,907.29	10,907.29	-		10,907.29	
Unemployment	3,958.33	3,958.33	-		3,958.33	
Defined Contribution Retirement Program	3,622.80	3,622.80	-		3,622.80	
Supplemental Fire Services Program						
Fire District Direct Program	1.00	1.00			1.00	
	<u>\$ 1,666,853.52</u>	<u>1,666,853.52</u>	<u>601,513.41</u>	<u>38,379.38</u>	<u>1,026,960.73</u>	<u>-</u>
		Cash Disbursements	<u>601,513.41</u>			

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

Balance December 31, 2022		
School Tax Payable	\$ -	
School Tax Deferred	-	
	<hr/>	\$ -
Increased by:		
Levy - School Year 2022-2023		<u>19,778,919.00</u>
		19,778,919.00
Decreased by:		
Payments		<u>19,778,919.00</u>
Balance December 31, 2023		
School Tax Payable	-	
School Tax Deferred	-	
	<hr/>	<u>-</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		19,778,919.00
Tax Payable Ending		<u>-</u>
		19,778,919.00
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations		<u><u>\$ 19,778,919.00</u></u>

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

Balance December 31, 2022		
School Tax Payable	\$	-
Adjustment		
School Tax Deferred		<u>7,386,500.00</u>
		\$ 7,386,500.00
Increased by:		
Levy - Calendar Year 2023		<u>14,602,457.00</u>
		21,988,957.00
Decreased by:		
Payments		<u>14,687,728.50</u>
Balance December 31, 2023		
School Tax Payable		-
School Tax Deferred		<u>7,301,228.50</u>
		<u>7,301,228.50</u>
Current Year Liability for Regional High School Tax:		
Tax Paid		14,687,728.50
Tax Payable Ending		<u>-</u>
		14,687,728.50
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations		<u><u>\$ 14,687,728.50</u></u>

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

Purpose	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Adjustment/ Cancelled	Balance Dec. 31, 2023
FEDERAL GRANTS:					
Small Cities 2020	\$				
ADA Compliance Rotary Park	400,000.00				400,000.00
Villas Drainage Projects	385,300.00				12,355.55
Stormwater Improvements (Outfall Replacement)		400,000.00	372,944.45		400,000.00
FEMA - Close Project		31,610.34	31,610.34		-
National Opioid Settlement	-	23,946.55	23,946.55		-
NJ Department of Law and Public Safety	-	10,000.00	10,000.00		-
Emergency Management Agency Assistance (EMMA) Grant	-				-
New Jersey Department of Law & Public Safety	-				-
Click It or Ticket		7,000.00	7,000.00		-
Distracted Driving		7,000.00	7,000.00		-
Drive Sober or Get Pulled Over	10,500.00	15,750.00	12,600.00	(1,050.00)	12,600.00
Cops in Shops	40.00	1,440.00	1,440.00	(40.00)	-
American Rescue Plan	-				-
Total Federal	795,840.00	496,746.89	466,541.34	(1,090.00)	824,955.55
STATE GRANTS:					
Clean Communities	-	91,560.71	91,560.71		-
Recycling Tonnage Grant	-	40,755.42	40,755.42		-
Stormwater Assistance Grant		25,000.00	15,000.00		10,000.00
Alcohol Education & Rehabilitation	-	2,725.69	2,725.69		-
Drunk Driving Enforcement Fund		9,925.07	9,379.93		545.14
Bulletproof Vest	11,396.05		3,635.42		7,760.63
NJ Department of Community Affairs					
Housing Services - Lead Assistance Grant		22,700.00	22,700.00		-
NJ Department of Agriculture		15,000.00			15,000.00
Spotted Lanternfly Control					
NJ Department of Law & Public Safety					
Body Cameras	99,454.00		99,454.00		-
2023 Summer Pedestrian Awareness Campaign		5,250.00		(3,112.50)	5,250.00
New Jersey Historic Trust	3,112.50				-
NJ Department of Transportation					
Reconstruction of Wilson Drive	46,250.00		46,250.00		-
Reconstruction of Star Avenue	46,250.00		46,250.00		-

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

Purpose	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Adjustment/ Cancelled	Balance Dec. 31, 2023
Reconstruction of Fire Lane	170,000.00		127,500.00		42,500.00
Reconstruction of Ridgewood Avenue		200,000.00			200,000.00
Reconstruction of Wildwood Avenue		345,085.00			345,085.00
Total State	<u>376,462.55</u>	<u>758,001.89</u>	<u>505,211.17</u>	<u>(3,112.50)</u>	<u>626,140.77</u>
OTHER GRANTS:					
Municipal Alliance (Lower Consortium)					
2020/2021	2,990.09				2,990.09
2021/2022 (Youth Leadership)	5,042.45	5,042.45	5,042.45		5,042.45
2022/2023		52,430.00	20,544.08		31,885.92
Atlantic County JIF	2,752.31	6,475.00	9,221.85	(5.46)	0.00
Cape May County Arts	-	10,831.00	8,123.25		2,707.75
Sustainable Jersey	2,500.00				2,500.00
Cape May County - Open Space					
ARP Infrastructure	-	400,000.00			400,000.00
Clem Mulligan Sports Complex	1,229,491.28		1,229,491.28		-
Total State	<u>1,242,776.13</u>	<u>474,778.45</u>	<u>1,272,422.91</u>	<u>(5.46)</u>	<u>445,126.21</u>
\$	<u>2,415,078.68</u>	<u>1,729,527.23</u>	<u>2,244,175.42</u>	<u>(4,207.96)</u>	<u>1,896,222.53</u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2022		2023		Disbursed	Encumbrances	Adjustments/ Cancelled	Balance Dec. 31, 2023
	Appropriated	Reserve for Encumbrances	Appropriations	Encumbrances				
FEDERAL GRANTS:								
Small Cities - 2019								
Housing Rehabilitation	\$ 90.00							90.00
Small Cities - 2020								
ADA Compliance Rotary Park	400,000.00				119,372.33	280,627.67		-
Villas Drainage Projects	55,459.57				35,009.33			20,450.24
Stormwater Improvements (Outfall Replacements)			400,000.00					400,000.00
FEMA - Close Project			31,610.34					-
New Jersey Department of Law and Public Safety	11,374.66		10,000.00		7,669.09			-
Emergency Management Agency Assistance (EMAA)								13,705.57
New Jersey Department of Law & Public Safety	14,596.71		23,946.55					-
National Opioid Settlement Funds			7,000.00		7,000.00			38,543.26
Click It or Ticket			7,000.00					-
Districted Driving (U Text, U Drive, U Pay)							(1,050.00)	-
Drive Sober or Get Pulled Over								2,660.00
Labor Day Crackdown	5,320.00		8,750.00		8,540.00			5,530.00
Year End Holiday Crackdown	280.00		1,440.00		1,680.00		(40.00)	-
Cops in Shops								184,275.13
American Rescue Plan Act of 2021 - Drainage Projects	802,775.13				558,510.00	59,990.00		
Total Federal	1,289,896.07	-	496,746.89		779,681.09	340,617.67	(1,090.00)	665,254.20
STATE GRANTS:								
Department of Environmental Protection								
Clean Communities	500.00		91,560.71		92,060.71			-
Recycling Tonnage Grant	-		40,755.42		40,555.42			200.00
Stormwater Assistance Grant			25,000.00		3,600.00	21,400.00		-
Alcohol Education and Rehabilitation	19,640.54		2,725.69			19,527.06		2,839.17
Drunk Driving Enforcement Fund	9,681.74		9,925.07		1,080.15		480.00	19,006.66
Bulletproof Vest Partnership Grant	1,810.22				1,810.22		(3,112.50)	0.00
New Jersey Historic Trust	3,112.50							-
Department of Community Affairs								
Housing Services - Lead Assistance Grant	-		22,700.00					22,700.00
Department of Agriculture								
Spotted Lanternfly Control	-		15,000.00					15,000.00
NJ Dept of Law & Public Safety								
2023 Summer Pedestrian Awareness Campaign	-		5,250.00		5,110.00			140.00
NJ Department of Transportation								
Reconstruction of Ridgewood Avenue	-		200,000.00		6,106.25	48,000.00		145,893.75
Reconstruction of Wildwood Avenue	-		345,085.00		2,000.00			343,085.00
Total State	34,745.00	-	758,001.89		152,322.75	88,927.06	(2,632.50)	548,864.58

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2022		2023	Disbursed	Encumbrances	Adjustments/ Cancelled	Balance Dec. 31, 2023
	Appropriated	Reserve for Encumbrances	Appropriations				
OTHER GRANTS:							
Municipal Alliance	2,107.85			2,107.85			0.00
2019/2020	19,368.50			19,368.50			0.00
2020/2021	5,042.45		5,042.45				10,084.90
2021/2022 Youth Leadership			26,215.00	26,215.00			-
2023/2024			26,215.00	10,077.26			16,137.74
2024/2025			6,475.00	6,470.00		(5.46)	5.00
Safety JIF	5.46						955.11
Comcast (Twp Share)	955.11						17,769.12
Comcast (LCMR Share)	17,769.12						5,000.00
Sustainable Jersey Grant	5,000.00			-			-
South Jersey Gas First Responders Grant	4,500.00			4,500.00			6,773.73
Warming Center - County Agreement	4,690.73			(2,083.00)			1,000.00
Ducks Unlimited	1,000.00						-
Cape May County Arts			10,831.00	10,831.00			-
Cape May County Open Space			400,000.00				400,000.00
ARP Infrastructure							
Total Other	60,439.22	-	474,778.45	77,486.61	-	(5.46)	457,725.60
	1,385,080.29	-	1,729,527.23	1,009,490.45	429,544.73	(3,727.96)	1,671,844.38

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2022		\$	9,810.60
Increased By Receipts:			
Dog Licenses Fees	4,107.60		
State License Fees	1,652.40		
Late Fees Collected	1,120.00		
Interest	436.36		
			<u>7,316.36</u>
			17,126.96
Decreased By Disbursements:			
State of New Jersey	1,693.20		
Due to Current Fund	5,807.56		
Animal Control Expenditures	x 951.80		
			<u>8,452.56</u>
Balance December 31, 2023		\$	<u><u>8,674.40</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Other	
Balance December 31, 2022	\$	4,206,500.64
Increased By Receipts:		
Unemployment	56,506.13	
Prepaid Trust Reserve - Outside Police Services	8,000.00	
Community Police	9,037.77	
Police Forfeiture	4,762.94	
Redemption of Tax Title Liens	90,077.11	
Premiums Received at Tax Sale	103,600.00	
Historic Commission	27.98	
Dedicated Recreation Fees	22,525.00	
Fire Safety	41,031.49	
Off Duty Police	184,920.15	
Small Cities Revolving Loan	223,201.57	
Accumulated Absences	270,000.00	
Performance Deposits	20,491.54	
Developers' Escrow	83,418.10	
Public Defender	6,122.80	
POAA	22.00	
		1,123,744.58
		5,330,245.22
Decreased By Disbursements:		
Payment of Unemployment Claims	121,065.58	
Reserve for Communiity Police	10,736.10	
Transfer Bail Reserve to Current Fund	725.00	
Joint Housing	40,924.01	
Refund of Tax Sale Certificates	64,914.77	
Refund of Premiums	46,600.00	
Dedicated Recreation Fees	21,063.03	
Off Duty Police	184,467.23	
Accumulated Absences	163,889.25	
Performance Deposits	174,243.17	
Developer's Escrow	103,923.73	
Public Defender	7,929.07	
Small Cities Revolving Loan	162,957.41	
		1,103,438.35
Balance December 31, 2023	\$	4,226,806.87

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2022		\$ 9,769.80
Increased By:		
Dog Licenses Fees Collected	4,107.60	
Late Fees Collected	1,120.00	
Interest	436.36	
	<u>5,663.96</u>	
		<u>15,433.76</u>
Decreased By:		
Animal Control Expenditures	951.80	
Due to Current - Excess	5,807.56	
	<u>6,759.36</u>	
Balance December 31, 2023		<u><u>\$ 8,674.40</u></u>

License Fees Collected	<u>Year</u>	
	2022	\$ 4,900.80
	2021	6,528.67
		<u>11,429.47</u>

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

Balance December 31, 2022		\$	40.80
Increased By:			
License Fees Collected	1,652.40		
	<hr/>		<hr/>
			1,652.40
			<hr/>
			1,693.20
Decreased By:			
Paid to State of New Jersey	1,693.20		
	<hr/>		<hr/>
			1,693.20
Balance December 31, 2023		\$	<hr/> <hr/> -

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

Balance December 31, 2022		\$	3,724,737.70
Increased by:			
Capital Improvement Fund	250,000.00		
Budget Appropriation - Unfunded Ordinance	1,065,000.00		
Premium on Sale of Bonds	2,322.18		
Proceeds from Serial Bonds Issued	<u>10,000,000.00</u>		
			<u>11,317,322.18</u>
			15,042,059.88
Decreased by:			
Improvement Authorizations	6,297,514.61		
Reserve for Debt Service - Anticipated as			
Current Fund Revenue	<u>200,000.00</u>		
			<u>6,497,514.61</u>
Balance December 31, 2023		\$	<u><u>8,544,545.27</u></u>

GENERAL CAPITAL FUND ANALYSIS OF CASH

	Balance Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance Dec. 31, 2023
		Miscellaneous	Serial Bonds Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 123,463.10	2,322.18						125,785.28
Capital Improvement Fund	350,764.00	250,000.00				350,000.00		250,764.00
Encumbrances Payable	2,856,169.19					2,856,169.19	1,973,786.85	1,973,786.85
Reserve for Debt Service	1,111,715.70				200,000.00			911,715.70
Improvement Authorizations:								
2012-10 Various Capital Improvements	24,567.38			18,639.63		-	-	5,927.75
2013-10 Various Capital Improvements	45,000.00			-		-	-	45,000.00
2014-10 Various Capital Improvements	69,214.60			168,682.04		6,451.54	199,092.98	93,174.00
2015-03 Various Capital Improvements	16,329.43			5,515.49		-	-	10,813.94
2016-04 Various Capital Improvements	25,000.00			42,909.59		-	42,909.59	25,000.00
2017-08 Various Capital Improvements	25,000.00			72,975.41		-	72,975.41	25,000.00
2017-10 Roads & Drainage Beach Drive	1,559,042.71			527,619.12		48,323.06	22,532.00	1,005,632.53
2018-07 Various Capital Improvements	410,750.00			73,686.75		37,685.75	119,972.28	419,349.78
2019-06 Various Capital Improvements	403,983.92			438,580.99		5,540.00	117,941.99	77,804.92
2019-16 Various Safety and Identification								
Improvements to Schellenger's Landing	172,382.41			4,104.63		2,525.37	5,105.00	170,857.41
2020-12 Various Capital Improvements	278,012.82	225,000.00		189,052.44		-	149,105.50	463,065.88
2020-13 Roads and Drainage Improvements	(2,840,000.00)	840,000.00	2,000,000.00	24,109.92		4,546.09	28,656.01	0.00
2020-14 Improvements to Clem Mulligan								
Sports Complex	(1,310,076.97)		1,490,000.00	5,909.73		1,015.15	7,264.56	180,262.71
2021-16 Various Capital Improvements	(188,843.51)		680,000.00	530,934.33		3,739.50	133,895.69	90,378.35
2021-17 Various Roadway and								
Drainage Improvements	102,549.88			1,710,712.01		89,002.69	1,697,347.02	182.20
2022-05 Various Capital Improvements	115,467.64			53,478.67		75,340.10	40,972.16	27,621.03
2022-06 Various Capital Improvements	(123,168.83)		1,700,000.00	717,682.50		292,818.00	218,399.00	784,729.67
2022-14 Various Capital Improvements	497,414.23			-			-	497,414.23
2023-03 Road & Drainage Improvements			2,500,000.00	919,912.03		541,391.61	200,000.00	1,238,696.36
2023-08 Various Capital Improvements			1,630,000.00	793,009.33		865,407.99	150,000.00	121,582.68
\$	3,724,737.70	1,317,322.18	10,000,000.00	6,297,514.61	200,000.00	5,179,956.04	5,179,956.04	8,544,545.27

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

Balance December 31, 2022		\$	350,764.00
Increased by:			
Budget Appropriation	250,000.00		
	<hr/>		<hr/>
			250,000.00
			600,764.00
Decreased by:			
Improvement Authorizations Funded	350,000.00		
	<hr/>		<hr/>
			350,000.00
Balance December 31, 2023		\$	<u><u>250,764.00</u></u>

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

Balance December 31, 2022		\$ 19,390,227.53
Increased by:		
Bond Proceeds	9,535,000.00	
	<hr/>	<hr/>
		9,535,000.00
		28,925,227.53
Decreased by:		
Serial Bonds Paid	2,710,000.00	
Green Trust Loan Principal Paid	114,531.66	
	<hr/>	<hr/>
		2,824,531.66
Balance December 31, 2023		\$ <u><u>26,100,695.87</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Raised in 2023 Budget	Debt Issued	Cancelled	Balance Dec. 31, 2023	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
2020-12	Various Capital Improvements	\$ 225,000.00		225,000.00			-	-	-
2020-13	Roads and Drainage Improvements	2,840,000.00		840,000.00	2,000,000.00		-		
2020-14	Improvements to Clem Mulligan Sports Complex	1,490,000.00			1,490,000.00		-		
2021-16	Various Capital Improvements	680,000.00			680,000.00		-		
2022-06	Various Capital Improvements	1,700,000.00			1,700,000.00		-		
2023-03	Road & Drainage Improvements		2,500,000.00		2,500,000.00		-		
2023-08	Various Capital Improvements		2,850,000.00		1,630,000.00		1,220,000.00		1,220,000.00
		<u>\$ 6,935,000.00</u>	<u>5,350,000.00</u>	<u>1,065,000.00</u>	<u>10,000,000.00</u>	<u>-</u>	<u>1,220,000.00</u>	<u>-</u>	<u>1,220,000.00</u>
Improvement Authorizations Unfunded:									1,220,000.00
Less:									
Unexpended Proceeds of Serial									
Bonds Issued:									
Ord. Number									
None									-
									<u>\$ 1,220,000.00</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Reverse Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Reappropriate/ Reallocate	Balance December 31, 2023	
				Balance December 31, 2022	Other Funding	Deferred Charges to Future Taxation					Funded	Unfunded
2012-10	Various Capital Improvements	5/7/2012	905,000.00	\$ 25,567.38				18,639.63			6,927.75	
2013-10	Various Capital Improvements	6/3/2013	1,139,000.00	45,000.00							45,000.00	
2014-10	Various Capital Improvements	9/3/2014	1,312,000.00	69,214.60			199,092.98	168,682.04	6,451.54		93,174.00	
2015-03	Various Capital Improvements	5/18/2015	1,645,000.00	15,329.43				5,515.49			9,813.94	
2016-04	Various Capital Improvements	4/18/2016	2,225,000.00	25,000.00			42,909.59	42,909.59			25,000.00	
2017-08	Various Capital Improvements	6/5/2017	1,107,350.00	25,000.00			72,975.41	72,975.41			25,000.00	
2017-10	Roads & Drainage Beach Drive	8/7/2017	3,200,000.00	1,559,042.71			22,532.00	527,619.12	48,323.06		1,005,632.53	
2018-07	Various Capital Improvements	5/7/2018	2,250,000.00	410,750.00			119,972.28	73,686.75	37,686.75		419,349.78	
2019-06	Various Capital Improvements	4/15/2019	1,705,000.00	403,983.92			117,941.99	438,580.99	5,540.00		77,804.92	
2019-16	Various Safety and Identification											
	Improvements to Schellenger's Landing	12/2/2019	500,000.00	172,382.41			5,105.00	4,104.63	2,525.37		170,857.41	
2020-12	Various Capital Improvements	6/15/2020	2,055,000.00	225,000.00			149,105.50	189,052.44	4,546.09		463,065.88	
2020-13	Roads and Drainage Improvements	6/15/2020	3,185,000.00	0.00			28,656.01	24,109.92				
2020-14	Improvements to Clem Mulligan Sports Complex											
		6/15/2020	1,990,000.00	179,923.03			7,264.56	5,909.73	1,015.15		180,262.71	
2021-16	Various Capital Improvements	8/2/2021	730,000.00	491,156.49			133,895.69	530,934.33	3,739.50		90,378.35	
2021-17	Roads and Drainage Improvements	8/2/2021	3,360,000.00	102,549.88			1,687,347.02	1,710,712.01	89,002.69		182.20	
2022-05	Various Capital Improvements	6/6/2022	235,630.00	52.36			40,972.16	53,478.67	75,340.10		27,621.03	
2022-06	Various Capital Improvements	6/6/2022	1,980,000.00	115,415.28			218,399.00	717,682.50	292,818.00		784,729.67	
2022-14	Various Capital Improvements	12/5/2022	497,414.23	1,576,831.17							497,414.23	
2023-03	Road and Drainage Improvements	2/22/2023	2,700,000.00	497,414.23				919,912.03	541,391.61		1,238,696.36	
2023-08	Various Capital Improvements	5/15/2023	3,000,000.00					793,009.33	865,407.99		121,582.68	
				\$ 3,629,299.74	350,000.00	5,350,000.00	2,856,169.19	6,297,514.61	1,973,786.85	-	5,282,493.44	1,220,000.00
					350,000.00		-					
	Capital Improvement Fund				350,000.00							
					350,000.00							

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

Maturities of Bonds												
Purpose	Date of Issue	Amount of Original Issue	Outstanding December 31, 2023		Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023			
			Date	Amount								
General Improvements	7/18/2015	9,900,000	7/15/2024	1,320,000.00	4.000% \$	3,820,000.00		1,140,000.00	2,680,000.00			
			7/15/2025	1,360,000.00	3.000%							
General Improvements	8/5/2016	4,520,000	7/15/2024	460,000.00	3.000%	2,470,000.00		440,000.00	2,030,000.00			
			7/15/2025	490,000.00	3.000%							
			7/15/2026	520,000.00	3.000%							
			7/15/2027	560,000.00	2.000%							
General Improvements	7/19/2018	8,490,000	7/15/2024	660,000.00	4.000%	6,400,000.00		620,000.00	5,780,000.00			
			7/15/2025	710,000.00	5.000%							
			7/15/2026	800,000.00	2.500%							
			7/15/2027	850,000.00	2.500%							
			7/15/2028	900,000.00	3.000%							
			7/15/2029	920,000.00	3.000%							
			7/15/2030	940,000.00	3.000%							
General Improvements	8/15/2019	7,450,000	8/15/2024	560,000.00	4.000%	6,180,000.00		510,000.00	5,670,000.00			
			8/15/2025	640,000.00	4.000%							
			8/15/2026	700,000.00	4.000%							
			8/15/2027	740,000.00	4.000%							
			8/15/2028	750,000.00	2.000%							
			8/15/2029	760,000.00	2.000%							
			8/15/2030	760,000.00	2.125%							
General Improvements	11/1/2023	9,535,000	8/15/2031	760,000.00	2.250%							
			11/1/2024	525,000.00	4.000%	9,535,000.00			9,535,000.00			
			11/1/2025	620,000.00	4.000%							
			11/1/2026	670,000.00	5.000%							
			11/1/2027	715,000.00	5.000%							
			11/1/2028	765,000.00	5.000%							
			11/1/2029	810,000.00	5.000%							
			11/1/2030	860,000.00	5.000%							
			11/1/2031	860,000.00	5.000%							
			11/1/2032	860,000.00	5.000%							
			11/1/2033	900,000.00	4.000%							
			11/1/2034	900,000.00	4.000%							
			11/1/2035	1,050,000.00	4.000%							
									\$ 18,870,000.00	9,535,000.00	2,710,000.00	25,695,000.00

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

Maturities of Bonds									
Purpose	Date of Issue	Amount of Original Issue	Outstanding December 31, 2023		Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
			Date	Amount					
Recreation Development Various	2006	800,000	2024	47,568.78	2.000% \$	167,352.28		46,631.52	120,720.76
			2025	48,524.94					
			2026	24,627.04					
Recreation Development Various	2007	900,000	2024	52,460.44	1.000%	239,698.04		51,426.77	188,271.27
			2025	53,514.90					
			2026	54,590.55					
			2027	27,705.35					
Bennett's Crossing	2009	300,000	2024	16,804.48	1.000%	113,177.21		16,473.37	96,703.84
			2025	17,142.26					
			2026	17,486.82					
			2027	17,838.30					
			2028	18,196.85					
			2029	9,235.13					
						\$ 520,227.53	-	114,531.66	405,695.87

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Debt Issued	Budget Appropriation	Authorizations Cancelled	Balance Dec. 31, 2023
2020-12	Various Capital Improvements	\$ 225,000.00			225,000.00		-
2020-13	Various Roadway and Drainage Improvements	2,840,000.00		2,000,000.00	840,000.00		-
2020-14	Improvements to Clem Mulligan Sports Complex	1,490,000.00		1,490,000.00			-
2021-16	Various Capital Improvements	680,000.00		680,000.00			-
2022-06	Various Capital Improvements	1,700,000.00		1,700,000.00			-
2023-03	Road & Drainage Improvements		2,500,000.00	2,500,000.00			-
2023-08	Various Capital Improvements		2,850,000.00	1,630,000.00			1,220,000.00
		<u>\$ 6,935,000.00</u>	<u>5,350,000.00</u>	<u>10,000,000.00</u>	<u>1,065,000.00</u>	<u>-</u>	<u>1,220,000.00</u>

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TOWNSHIP OF LOWER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2023

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GENERAL COMMENTS

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

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

The governing body of the Township of 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:

- Millman Center Improvements
- Municipal Pool Renovations
- Landscaping Services for various locations within the Township
- Replacement of Three (3) Pavillions located at David Douglass Memorial Park
- Reconstruction of Carriage Lane, Briarwood Drive, Bridle Path, Paddock Lane, Timber Lane and Trotter Way
- Replaster and Repair the Lower Township Community Swimming Pool
- Purchase of Palfinger Roll Off Container Hoist with Hydraulic Tarping System
- Purchase of Four (4) 2023 or newer Chevrolet Equinox LS AWD Vehicles
- FY2020 NJDCA Small Cities Program ADA Compliance Improvements at Rotary Park-Phase I

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:

WHEREAS, the Reorganization Meeting of the Township Council of the Township of Lower, the governing body thereof, was duly held on January 4, 2023 at the Township Hall, Villas, New Jersey; and

WHEREAS, R.S. 54:4-67 as amended authorizes municipalities to fix a rate of interest to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent. Delinquency is to be calculated on the sum of all taxes from year to year and not be calculated on an individual year basis, and NJSA 40A:5-17.1 provides that a municipality may authorize the cancellation of tax delinquencies of less than Ten (\$10.00) Dollars.

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Lower, County of Cape May, New Jersey that interest be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent in accordance with R.S. 54:4-67 and that the rate of interest shall be eight percent (8%) based on a 365 day year on the first \$1,500.00 of delinquency and eighteen per cent (18%) based on a 365 day a year on any amount in excess of \$1,500.00 to be calculated from the date the tax was payable until the date of actual payment. Interest will stay at eighteen per cent (18%) until taxes are completely current. No interest shall be charged if payment of

any installment is made within the tenth calendar day following the date upon which the same became payable.

BE IT FURTHER RESOLVED that a penalty of 6% shall be levied against a taxpayer with a delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year. This 6% penalty shall also apply to delinquencies in excess of \$10,000.00 to third party lien holders and that an additional penalty shall be levied against tax sale certificates as follows:

When the taxes, interest and cost shall exceed the sum of \$200.00, such additional sum shall be equal to 2% of such amount paid. When the taxes, interest and costs shall exceed the sum of \$5,000.00 such additional sum shall be equal to 4% of such amount paid; and when the sum exceeds \$10,000.00, such additional sum shall be equal to 6% of such amount paid. This section is retroactive only as to existing municipally held certificates but acts prospectively with regard to certificates held by third parties as of March 28, 1991.

BE IT FURTHER RESOLVED that the Tax Collector be and hereby is directed to collect interest on delinquents at the aforesaid rate.

BE IT FURTHER RESOLVED by the Township Council of the Township of Lower, County of Cape May, State of New Jersey that the Tax Collector is hereby authorized to process, without further action on the part of the Township Council, the cancellation of any property tax delinquency of less than Ten (\$10.00) dollars.

BE IT FURTHER RESOLVED that a certified copy of the Resolution be provided by the Municipal Clerk to the Tax Collector and the Chief Financial Officer.

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 on September 19, 2023 and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2023	26
2022	25
2021	29

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:

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<u>Type</u>	<u>Number Mailed</u>
Payments of 2023 and 2024 Taxes	25
Delinquent Taxes	10
Tax Title Liens	5
Total	<u>40</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.

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.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2023 \$	74,686,498.38	73,983,160.40	99.06%
2022	72,093,890.98	71,551,162.94	99.25%
2021	69,336,603.90	68,908,581.61	99.38%
2020	67,822,618.35	67,135,906.07	98.99%
2019	65,809,456.88	65,139,456.30	98.98%

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate \$	1.931	1.871	1.812	1.783	1.738
Apportionment of Tax Rate:					
Municipal	0.618	0.596	0.595	0.584	0.584
County	0.39	0.362	0.331	0.315	0.303
Local School	0.531	0.513	0.501	0.494	0.483
Regional School	0.392	0.4	0.385	0.390	0.368
Assessed Valuation	3,726,232,663	3,700,598,909	3,674,308,701	3,655,712,129	3,641,491,446

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.

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<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Of Tax Levy</u>
2023 \$	130,042.13	618,116.13	748,158.26	1.00%
2022	158,629.77	475,406.28	634,036.05	0.88%
2021	297,526.00	384,346.91	681,872.91	0.98%
2020	277,580.12	637,058.23	914,638.35	1.35%
2019	262,748.71	609,248.13	871,996.84	1.33%

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

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

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

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

Leon P. Costello

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

May 3, 2024