

**TOWNSHIP OF LOWER
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2024**

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TOWNSHIP OF LOWER
PART I
REPORT ON AUDIT OF
FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED
DECEMBER 31, 2024

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FORD - SCOTT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Lower, as of December 31, 2024 and 2023, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Lower as of December 31, 2024 and 2023, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2024 and 2023, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lower basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2025, on our consideration of the Township of Lower's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lower's internal control over financial reporting and compliance.

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

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

May 16, 2025

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EXHIBIT - A
CURRENT FUND

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

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 13,350,401.70	13,821,975.52
Cash - Change	600.00	600.00
Total Cash	<u>13,351,001.70</u>	<u>13,822,575.52</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	1,622.25	4,504.45
Total Other Receivables	<u>1,622.25</u>	<u>4,504.45</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	677,589.47	618,116.13
Tax Title Lien Receivable	65,491.23	130,042.13
Lower Township MUA Lien	7,848.36	7,848.36
Property Acquired for Taxes - at Assessed Valuation	1,334,800.00	1,112,500.00
Revenue Accounts Receivable	3,879.79	3,610.17
Lot Clearing Assessments	3,300.00	1,600.00
Municipal Service Fees	9,420.00	2.05
Due from Federal and State Grant Fund	480,377.77	-
Total Receivables and Other Assets	<u>2,582,706.62</u>	<u>1,873,718.84</u>
Deferred Charges:		
Emergency Authorization	25,000.00	25,000.00
Special Emergency Appropriation	122,000.00	96,000.00
Total Deferred Charges	<u>147,000.00</u>	<u>121,000.00</u>
Total Regular Fund	<u>16,082,330.57</u>	<u>15,821,798.81</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	2,673,071.95	1,896,222.53
Due from Current Fund	-	205,166.58
Total Federal and State Grant Fund	<u>2,673,071.95</u>	<u>2,101,389.11</u>
Total Current Fund	<u>\$ 18,755,402.52</u>	<u>17,923,187.92</u>

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

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,700,928.90	1,540,077.60
Reserve for Encumbrances	430,220.09	469,380.41
Accounts Payable	19,455.79	50,209.14
Prepaid Taxes	1,630,096.95	1,582,272.68
Overpaid Taxes	36,415.14	56,350.80
County Added Tax Payable	93,624.95	40,173.67
Due to Federal and State Grant Fund	-	205,166.58
Due to State:		
Marriage Licenses	525.00	575.00
Permit Surcharge Fees	9,215.00	10,755.00
Other		
Prepaid Fees		
Commercial Trash	30,126.75	27,685.25
Reserve for Municipal Relief Aid	-	153,933.36
Reserve for Garden State Trust	20,236.00	20,236.00
Reserve for Elevator Inspections	7,440.00	7,440.00
Reserve for Tax Map	87,395.75	37,395.75
Reserve for Reassessment	8,062.29	8,062.29
	<u>4,073,742.61</u>	<u>4,209,713.53</u>
Reserve for Receivables and Other Assets	2,582,706.62	1,873,718.84
Fund Balance	<u>9,425,881.34</u>	<u>9,738,366.44</u>
Total Regular Fund	<u>16,082,330.57</u>	<u>15,821,798.81</u>
Federal and State Grant Fund:		
Encumbrances Payable	97,141.25	429,544.73
Unappropriated Reserves	90,596.39	-
Appropriated Reserves	2,004,956.54	1,671,844.38
Due to Current Fund	<u>480,377.77</u>	<u>-</u>
Total Federal and State Grant Fund	<u>2,673,071.95</u>	<u>2,101,389.11</u>
Total Current Fund	<u>\$ 18,755,402.52</u>	<u>17,923,187.92</u>

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

	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized		
Fund Balance	\$ 4,830,367.00	4,360,000.00
Miscellaneous Revenue Anticipated	8,556,707.89	7,556,823.85
Receipts from Delinquent Taxes	623,454.33	519,110.85
Receipts from Current Taxes	75,515,696.19	73,983,160.40
Non Budget Revenue	403,615.39	605,628.19
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,518,393.48	1,026,960.73
Prior Years' Accounts Payable Cancelled	28,523.74	10,230.02
Adjustment to Tax Billing/Overpayment	5,088.87	-
Interfunds Returned	-	1,029,998.39
Total Income	<u>91,481,846.89</u>	<u>89,091,912.43</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	11,954,396.39	11,424,324.82
Other Expenses	11,290,117.71	10,148,997.45
Deferred Charges & Statutory Expenditures	3,188,449.00	3,088,420.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	156,596.45	204,965.02
Other Expenses	2,064,058.36	2,266,172.21
Capital Improvements	275,000.00	250,000.00
Debt Service	4,581,573.01	3,442,266.39
Deferred Charges	49,000.00	1,089,000.00
Judgments	350,000.00	-
Local District School Tax	20,360,241.00	19,778,919.00
Regional District School Tax	14,901,333.50	14,687,728.50
County Tax	14,584,939.20	14,446,158.89
County Share of Added Tax	93,624.95	40,173.67
Other:		
Special District Tax	2,547,526.52	2,525,401.00
Refund of Prior Year's Revenue	12,305.41	3,351.63
Interfunds Created	480,377.77	-
Due to State - Senior Citizen & Vet Adjustment	-	3,992.42
Prior Year Successful Appeals	63,831.70	-
Year End Adjustment - Reserve for Fire Safety	85,594.02	41,031.49
Total Expenditures	<u>87,038,964.99</u>	<u>83,440,902.49</u>
Excess in Revenue	<u>4,442,881.90</u>	<u>5,651,009.94</u>

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

	<u>2024</u>	<u>2023</u>
Adjustments to Income before Fund Balance:		
Special Emergency Appropriation	50,000.00	-
Emergency Appropriation	25,000.00	25,000.00
Total Adjustments	<u>75,000.00</u>	<u>25,000.00</u>
Statutory Excess to Fund Balance	<u>4,517,881.90</u>	<u>5,676,009.94</u>
Fund Balance January 1	<u>9,738,366.44</u>	<u>8,422,356.50</u>
	14,256,248.34	14,098,366.44
Decreased by:		
Utilization as Anticipated Revenue	<u>4,830,367.00</u>	<u>4,360,000.00</u>
Fund Balance December 31	<u>\$ 9,425,881.34</u>	<u>9,738,366.44</u>

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Anticipated		
	Budget	N.J.S. 40A:4-87	Excess or (Deficit)
Fund Balance Anticipated	\$ 4,830,367.00		-
Total Fund Balance Anticipated	4,830,367.00	-	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	35,000.00		4,900.00
Other	115,000.00		194,036.90
Fees and Permits	72,200.00		13,360.12
Fines and Costs:			
Municipal Court	59,000.00		23,611.07
Interest and Costs on Taxes	145,000.00		16,026.13
Interest Earned on Investments	382,591.00		457,873.14
Recreation Fees	25,000.00		40,921.33
Payment in Lieu of Taxes - Yorkshire Place	15,000.00		16,826.70
Payment in Lieu of Taxes - Haven House	25,000.00		26,815.53
Payment in Lieu of Taxes - Conifer	30,000.00		10,356.78
Payment in Lieu of Taxes - Cape May Tech Village	5,000.00		5,767.96
Cable Franchise Fees	125,000.00		19,368.94
Bulk Trash Receipts	65,000.00		43,193.54
Occupancy Tax	514,188.00		408,214.97
Total Section A: Local Revenues	1,612,979.00	-	1,281,273.11
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	1,493,389.00		-
Garden State Preservation Trust Fund	107,673.00		-
Municipal Relief Aid	153,933.36		-
Total Section B: State Aid Without Offsetting Appropriations	1,754,995.36	-	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	420,000.00		663,517.00	243,517.00
Total Section C: Uniform Construction Code Fees	420,000.00	-	663,517.00	243,517.00
Section D: Interlocal Municipal Service Agreements				
Offset with Appropriations				
Boards of Educations - Special Police	156,596.45		156,596.44	(0.01)
County Interlocal - Garage Services	55,711.81		55,711.81	-
Wildwood Crest - Court Interlocal Agreement	145,000.00		145,000.00	-
Total Section D: Interlocal Municipal Service Agreements	357,308.26	-	357,308.25	(0.01)
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant		38,945.35	38,945.35	-
Cape May County Arts Grant	8,180.00		8,180.00	-
Alcohol Education and Rehabilitation Fund		735.50	735.50	-
Drunk Driving Enforcement Fund		26,215.00	26,215.00	-
Atlantic County JIF Grant	2,725.00	2,750.00	5,475.00	-
Clean Communities		103,996.57	103,996.57	-
COPS in Shops		960.00	960.00	-
Click It or Ticket		7,000.00	7,000.00	-
Drive Sober or Get Pulled Over		12,250.00	12,250.00	-
Distracted Driving - U Text, U Drive, U Pay		5,600.00	5,600.00	-
Office of Emergency Management EMAA		10,000.00	10,000.00	-
Cape May County Municipal Alliance Funds			-	-
Cape May County Open Space	846,289.13		846,289.13	-
Small Cities - Public Facilities		400,000.00	400,000.00	-
Pedestrian Awareness Campaign		5,250.00	5,250.00	-
Local Recreation Improvement Grant		73,000.00	73,000.00	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Anticipated			Excess or
	Budget	N.J.S. 40A:4-87	Realized	(Deficit)
New Jersey Department of Transportation Beech Avenue & Delaware Avenue		158,190.00	158,190.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	857,194.13	844,892.42	1,702,086.55	-
Section G: Other Special Items				
Uniform Fire Safety Act	543,092.84		524,548.62	(18,544.22)
Aid from Fire Districts #1,2 & 3			-	-
Reserve for Debt Service	500,000.00		500,000.00	-
Amount Anticipated from LTMUA per N.J.S.A. 40A:5A-12.1	160,000.00		160,000.00	-
Total Section G: Other Special Items	1,203,092.84	-	1,184,548.62	(18,544.22)
Total Miscellaneous Revenues:	6,205,569.59	844,892.42	8,556,707.89	1,506,245.88
Receipts from Delinquent Taxes	560,000.00		623,454.33	63,454.33
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	23,092,558.98		24,424,924.60	1,332,365.62
Total Amount to be Raised by Taxes for Support of Municipal Budget	23,092,558.98	-	24,424,924.60	1,332,365.62
Budget Totals	34,688,495.57	844,892.42	38,435,453.82	2,902,065.83
Non- Budget Revenues:				
Other Non- Budget Revenues:			403,615.39	403,615.39
	34,688,495.57	844,892.42	38,839,069.21	3,305,681.22

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	75,515,696.19
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		75,515,696.19
Allocated to:		
School, County and Other Taxes		<u>52,786,541.67</u>
Balance for Support of Municipal Budget Appropriations		22,729,154.52
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>1,695,770.08</u>
Amount for Support of Municipal Budget Appropriations		<u><u>24,424,924.60</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	620,618.86	
Tax Title Lien Collections	<u>2,835.47</u>	
Total Receipts from Delinquent Taxes		<u><u>623,454.33</u></u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Assessor	1,570.00	
Insurance Reimbursement	1,528.72	
Municipal Land Use Fees	142,775.21	
Police Reports	30,813.65	
Employee Car Contribution	690.00	
Sale of Municipal Assets	152,000.00	
GovDeals	1,668.50	
Administration Fees - Veteran's & Senior Citizens	5,020.11	
Cannabis Tax	40,526.42	
Vital Statistics	14,519.00	
Fire Safety Excess Fees	6,204.03	
Dog Damage Excess	4,583.62	
Miscellaneous	<u>1,716.13</u>	
Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>403,615.39</u></u>

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Office of Township Council						
Salaries and Wages	\$ 90,500.00	90,500.00	90,500.00	-	-	-
Other Expenses	28,010.76	28,010.76	24,060.16	1,632.47	2,318.13	-
Office of Township Clerk						
Salaries and Wages	281,000.00	264,500.00	257,407.17		7,092.83	-
Other Expenses	10,700.00	10,700.00	6,926.40	435.34	3,338.26	-
Elections						
Other Expenses	7,000.00	10,000.00	8,647.54		1,352.46	-
Office of Township Solicitor						
Other Expenses	276,000.00	291,000.00	260,551.24	15,353.34	15,095.42	-
Office of Township Manager						
Salaries and Wages	205,000.00	227,500.00	225,329.39		2,170.61	-
Other Expenses	22,800.00	22,800.00	20,433.61		2,366.39	-
Office of Human Resources						
Salaries and Wages	66,300.00	66,300.00	65,203.86		1,096.14	-
Other Expenses	5,000.00	5,000.00	1,465.84		3,534.16	-
Department of Revenue and Finance						
Salaries and Wages	416,500.00	426,500.00	422,337.56		4,162.44	-
Other Expenses	46,220.00	46,220.00	38,432.45	597.49	7,190.06	-
Audit Services						
Other Expenses	34,620.00	34,620.00	34,620.00		-	-
Division of Tax Assessment						
Salaries and Wages	232,500.00	184,000.00	181,880.85		2,119.15	-
Other Expenses						-
Miscellaneous Other Expenses	35,600.00	165,600.00	112,934.82	21,501.78	31,163.40	-

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Division of Taxation						
Salaries and Wages	213,200.00	213,200.00	200,268.11		12,931.89	-
Other Expenses:						
Liquidation of Tax Title Liens	12,000.00	12,000.00	-		12,000.00	-
Miscellaneous Other Expenses	12,750.00	12,750.00	7,520.72	2,258.00	2,971.28	-
Department of Planning and Development						
Salaries and Wages	178,000.00	182,000.00	180,667.11		1,332.89	-
Other Expenses	13,325.50	13,325.50	5,500.30	1,737.50	6,087.70	-
Engineering Services and Costs						
Other Expenses	12,000.00	5,500.00	5,500.00		-	-
Department of Parks and Recreation						
Salaries and Wages	365,000.00	372,000.00	370,066.28		1,933.72	-
Other Expenses	215,830.00	230,830.00	188,160.79	41,774.17	895.04	-
Department of Public Works						
Salaries and Wages	3,136,400.00	3,136,400.00	3,092,029.90		44,370.10	-
Other Expenses:						
Sanitary Landfill	825,000.00	825,000.00	639,748.07		49,957.68	-
Miscellaneous Other Expenses	365,938.19	405,938.19	354,531.42	135,294.25	265.63	-
Public Buildings and Grounds						
Salaries and Wages	188,500.00	193,500.00	190,363.17		3,136.83	-
Other Expenses	140,500.00	165,500.00	155,816.71	7,318.62	2,364.67	-
Department of Public Safety						
Salaries and Wages	5,236,403.55	5,348,703.55	5,093,602.80		255,100.75	-
Other Expenses	322,300.00	322,300.00	270,125.97	48,887.57	3,286.46	-

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Uniform Fire Safety Act (P.L. 1983, Ch. 383)						
Salaries and Wages	285,092.84	285,092.84	266,341.06		18,751.78	-
Other Expenses	258,000.00	258,000.00	175,451.29	2,056.73	80,491.98	-
Emergency Management Services						
Salaries and Wages	35,000.00	35,000.00	35,000.00		-	-
Other Expenses	12,500.00	12,500.00	3,890.32	1,575.24	7,034.44	-
Contributions to First Aid Organizations	36,779.00	36,779.00	29,000.00		7,779.00	-
Code Enforcement/Demolition						
Other Expenses	34,700.00	19,700.00	2,514.21		17,185.79	-
Police 911 Dispatchers						
Other Expenses:						
County Dispatch	500,000.00	500,000.00	500,000.00		-	-
Lease for Public Safety Building	169,651.26	169,651.26	169,651.26		-	-
Planning Board						
Other Expenses	7,950.00	7,950.00	7,500.00		450.00	-
Zoning Board of Adjustments						
Other Expenses	7,950.00	7,950.00	7,662.00		288.00	-
Animal Regulation:						
Other Expenses:						
Contractual	229,264.59	229,264.59	220,230.16	375.00	8,659.43	-
Miscellaneous Other Expenses	22,735.41	22,735.41	22,735.41		-	-
Municipal Court						
Salaries and Wages	153,500.00	153,500.00	141,664.94		11,835.06	-
Other Expenses	15,700.00	15,700.00	10,041.11	1,160.38	4,498.51	-

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Public Defender (P.L. 1997, C. 256) Salaries and Wages	16,500.00	16,500.00	16,500.00	-	-
General Liability Workers Compensation Insurance	254,726.02	254,726.02	229,961.16	24,764.86	-
Employee Group Health	907,481.98	907,481.98	907,481.98	-	-
	4,756,635.00	4,693,135.00	4,020,393.97	918.62	671,822.41
Health Benefit Waiver Salaries and Wages	110,000.00	110,000.00	99,166.66	10,833.34	-
Interlocal Agreements - Fire District #3	22,500.00	22,500.00	22,500.00	-	-
Wildwood	5,000.00	5,000.00	5,000.00	-	-
Construction Official Salaries and Wages	489,200.00	449,200.00	444,219.98	4,980.02	-
Other Expenses	16,350.00	16,350.00	8,673.82	1,071.24	6,604.94
Terminal Leave Salaries and Wages	333,000.00	200,000.00	200,000.00	-	-
Celebration of Public Events or Holidays	132,600.00	135,600.00	118,785.82	16,650.47	163.71
Electricity	238,000.00	253,000.00	224,456.74	21,295.71	7,247.55
Street Lighting	459,000.00	514,000.00	473,154.24	200.00	40,645.76
Telephone	90,000.00	90,000.00	77,127.03	4,600.53	8,272.44
Water	21,000.00	21,000.00	14,127.35	9,486.57	6,872.65
Natural Gas	150,000.00	101,000.00	36,569.18	4,652.95	54,944.25
Heating Oil	8,500.00	8,500.00	284,985.66	42,897.93	3,847.05
Gasoline	420,000.00	380,200.00			52,316.41
TOTAL OPERATIONS WITHIN "CAPS"	23,194,214.10	23,244,214.10	21,284,070.54	430,220.09	1,529,923.47

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Contingent	300.00	300.00	-	-	300.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	23,194,514.10	23,244,514.10	21,284,070.54	430,220.09	1,530,223.47	-
Detail:						
Salaries and Wages	12,031,596.39	11,954,396.39	11,572,548.84	-	381,847.55	-
Other Expenses	11,162,917.71	11,290,117.71	9,711,521.70	430,220.09	1,148,375.92	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None		-		-	-	-
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	851,859.00	851,859.00	851,859.00	-	-	-
Social Security System (O.A.S.I.)	874,500.00	874,500.00	861,009.80	-	13,490.20	-
Unemployment	10,000.00	10,000.00	6,643.68	-	3,356.32	-
Police and Firemen's Retirement System	1,450,090.00	1,450,090.00	1,450,090.00	-	-	-
Defined Contribution Retirement Program	2,000.00	2,000.00	1,237.09	-	762.91	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	3,188,449.00	3,188,449.00	3,170,839.57	-	17,609.43	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	26,382,963.10	26,432,963.10	24,454,910.11	430,220.09	1,547,832.90	-

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"					
Insurance (N.J.S.A. 40A:4-45.3(00))					
Employee Group Health	153,095.00	153,095.00	-		-
Interlocal Municipal Service Agreements				153,095.00	
School Resource Officer	156,596.45	156,596.45	156,596.45	-	-
County Interlocal - Garage Services	55,711.81	55,711.81	55,711.81	-	-
Wildwood Crest Court Interlocal					
Municipal Court Salaries and Wages	131,500.00	131,500.00	131,500.00	-	-
Public Defender Salaries and Wages	13,500.00	13,500.00	13,500.00	-	-
	510,403.26	510,403.26	357,308.26	-	-
(A) Public and Private Programs Off-Set by Revenues					
Clean Communities		103,996.57	103,996.57	-	-
Recycling Tonnage Grant		38,945.35	38,945.35	-	-
Cops in Shops		960.00	960.00	-	-
Alcohol Education Rehab		735.50	735.50	-	-
Drunk Driving Enforcement Fund		26,215.00	26,215.00	-	-
Supplemental Fire Services Program					
Fire District Direct Program	8,165.00	8,165.00	8,164.00	-	-
Local Recreation Improvement Grant		73,000.00	73,000.00	-	-
Office of Emergency Management - EMAA		10,000.00	10,000.00	-	-
Drive Sober or Get Pulled Over		12,250.00	12,250.00	-	-
Click It or Ticket		7,000.00	7,000.00	-	-
Distracted Driving		5,600.00	5,600.00	-	-
JIF Safety Grant	2,725.00	5,475.00	5,475.00	-	-
Small Cities - Public Facilities		400,000.00	400,000.00	-	-
Cape May County Arts Grant	8,180.00	8,180.00	8,180.00	-	-
Cape May County Open Space	846,289.13	846,289.13	846,289.13	-	-

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
New Jersey Transportation Trust Fund		158,190.00	158,190.00	-	-
Stormwater Assistance Grant		-	-	-	-
Summer Pedestrian Awareness Program		5,250.00	5,250.00	-	-
Total Public and Private Programs Off-Set by Revenues	865,359.13	1,710,251.55	1,710,250.55	-	-
Total Operations - Excluded from "CAPS"					
Detail:					
Salaries and Wages	1,375,762.39	2,220,654.81	2,067,558.81	-	153,096.00
Other Expenses	301,596.45	156,596.45	156,596.45	-	-
	1,074,165.94	2,064,058.36	1,910,962.36	-	153,096.00
(C) Capital Improvements					
Capital Improvement Fund	250,000.00	275,000.00	275,000.00	-	-
Total Capital Improvements	250,000.00	275,000.00	275,000.00	-	-
(D) Debt Service					
Payment of Bond Principal	3,525,000.00	3,525,000.00	3,525,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes		-			-
Interest on Bonds	935,000.00	935,000.00	932,206.67	-	2,793.33
Interest on Note		-			-
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	125,000.00	125,000.00	124,366.34	-	633.66
Total Debt Service	4,585,000.00	4,585,000.00	4,581,573.01	-	3,426.99
(E) Deferred Charges					
Emergency Authorizations	25,000.00	25,000.00	25,000.00	-	-
Special Emergency Authorizations - 5 year	24,000.00	24,000.00	24,000.00	-	-
Total Deferred Charges	49,000.00	49,000.00	49,000.00	-	-
(F) Judgments (NJSA 40A:4-45.3cc)	350,000.00	350,000.00	350,000.00	-	-

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,609,762.39	7,479,654.81	7,323,131.82	-	3,426.99
SUBTOTAL GENERAL APPROPRIATIONS	32,992,725.49	33,912,617.91	31,778,041.93	1,700,928.90	3,426.99
(M) Reserve for Uncollected Taxes	1,695,770.08	1,695,770.08	1,695,770.08	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 34,688,495.57	35,608,387.99	33,473,812.01	1,700,928.90	3,426.99
Budget		34,688,495.57		Cancelled	3,426.99
Appropriations by 40A:4-87		844,892.42		Overexpended	-
Emergency Authorizations		25,000.00			
Special Emergency Appropriation		50,000.00			
		<u>35,608,387.99</u>			<u>3,426.99</u>
Reserve for Uncollected Taxes			1,695,770.08		
Federal and State Grants			1,710,250.55		
Special Emergency to Reserve			49,000.00		
Deferred Charges			30,872,158.55		
Disbursements			34,327,179.18		
			(853,367.17)		
Less Appropriation Refunds			<u>33,473,812.01</u>		

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

EXHIBIT - B
TRUST FUND

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

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 8,643.50	8,674.40
	<u>8,643.50</u>	<u>8,674.40</u>
<u>Other Funds</u>		
Cash and Investments	4,471,323.66	4,226,806.87
Program Loans Receivable	1,348,530.28	1,343,287.14
	<u>5,819,853.94</u>	<u>5,570,094.01</u>
	<u>\$ 5,828,497.44</u>	<u>5,578,768.41</u>

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

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

	2024	2023
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 8,636.90	8,674.40
Due to State of New Jersey	6.60	-
	<u>8,643.50</u>	<u>8,674.40</u>
<u>Other Funds</u>		
Deposits for Redemption of Tax Title		
Lien Certificates	26,194.50	36,382.95
Premiums Received at Tax Sale	210,600.00	203,000.00
Prepaid Trust Reserve - Outside Police Services	-	8,000.00
Reserves for -		
Program Loans Receivable	1,348,530.28	1,343,287.14
Unemployment Compensation	117,076.25	163,089.81
Performance and Escrow Deposits	320,219.67	292,445.36
Recreation	24,665.67	18,638.99
Donations	10,000.00	-
POAA	188.00	152.00
Small Cities Revolving Loan	858,259.23	820,606.31
Historic Commission	943.68	908.53
Police Forfeiture	29,514.28	26,297.21
Public Defender	20,378.67	19,650.00
Escrow Deposits	209,116.53	158,711.87
Communiity Police	12,008.64	10,843.62
Fire Safety Fees	1,150,538.31	1,156,742.34
Off Duty Police	41,960.37	37,764.92
Group Insurance	3,566.05	-
Accumulated Absences	1,412,076.33	1,249,555.48
Storm Emergency Reserve	24,017.48	24,017.48
	<u>5,819,853.94</u>	<u>5,570,094.01</u>
	<u>\$ 5,828,497.44</u>	<u>5,578,768.41</u>

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

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Cash	\$ 3,324,241.93	8,544,545.27
Deferred Charges to Future Taxation -		
Funded	22,458,862.17	26,100,695.87
Unfunded	11,165,000.00	1,220,000.00
	<u>36,948,104.10</u>	<u>35,865,241.14</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	2,822,235.98	1,973,786.85
Serial Bonds Payable	22,170,000.00	25,695,000.00
Green Trust Loan Payable	288,862.17	405,695.87
Improvement Authorizations:		
Funded	2,008,750.08	5,282,493.44
Unfunded	9,119,990.89	1,220,000.00
Reserve for Debt Service	411,715.70	911,715.70
Capital Improvement Fund	764.00	250,764.00
Fund Balance	125,785.28	125,785.28
	<u>\$ 36,948,104.10</u>	<u>35,865,241.14</u>

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

2023	1,220,000.00
2024	11,165,000.00

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

	<u>2024</u>	<u>2023</u>
Beginning Balance January 1	\$ 125,785.28	123,463.10
Increased by:		
Premium on Sale of Bonds	-	2,322.18
Ending Balance December 31	\$ <u>125,785.28</u>	<u>125,785.28</u>

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	2024	2023
<u>General Fixed Assets</u>		
Land	\$ 2,911,409.98	2,076,786.58
Building	3,060,731.76	3,060,731.76
Machinery and Equipment	17,906,815.64	17,196,575.74
	<u>23,878,957.38</u>	<u>22,334,094.08</u>
<u>Investment in General Fixed Assets</u>		
Investment in General Fixed Assets	23,878,957.38	22,334,094.08
	<u>\$ 23,878,957.38</u>	<u>22,334,094.08</u>

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

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NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

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

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

The Township of Lower is a mainland community located in the County of Cape May, State of New Jersey. The estimated population as of July 1, 2021, according to the US Census Bureau, Population Division, is 22,094.

B. Description of Funds

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

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

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

C. Basis of Accounting

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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

D. Required Financial Statements

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

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

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, “Financial Reporting Model Improvements”. This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, will not have any significant effect on the Township’s financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, “Disclosure of Certain Capital Assets”. This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, will not have any significant effect on the Township’s financial reporting.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the Township is required to establish a reserve for uncollected taxes. The 2024 and 2023 statutory budgets included a reserve for uncollected taxes in the amount of \$1,695,770.08 and \$1,908,606.00. To balance the budget, the Township is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2024 and 2023 statutory budgets was \$4,830,367.00 and \$4,360,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Council. The following significant budget transfers were approved in the 2024 and 2023 calendar years:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Budget Category	<u>2024</u>	<u>2023</u>
Current Fund:		
Department of Public Safety		
Salaries and Wages	\$ 112,300.00	-
Department of Public Works		
Other Expenses	40,000.00	-
Employee Group Health Insurance	(63,500.00)	
Construction Official		
Salaries and Wages	(40,000.00)	
Terminal Leave	(133,000.00)	-
Gasoline	(39,800.00)	-
Street Lighting	55,000.00	
Natural Gas	(49,000.00)	

The Township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. During the 2024 calendar year, Township Council approved a \$25,000 emergency appropriation to fund the downpayment of capital ordinance #2024-07, Construction of Public Works Building and Related Improvements. During the 2023 calendar year, Township Council approved a \$25,000 emergency appropriation to fund unanticipated change orders related to repairs to the Lower Township Community Pool and Restrooms.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township Council approved a special emergency in 2024 in the amount of \$50,000 for tax maps. The Township Council approved a special emergency in 2022 in the amount of \$120,000 for tax maps. The unfunded balance of the remaining emergencies as of December 31, 2024 is as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Balance</u>
		<u>Authorized</u>	<u>December 31, 2024</u>
Tax Maps	9/7/2023	\$ 120,000.00	72,000.00
Tax Maps	10/7/2024	50,000.00	50,000.00
		<u>\$ 170,000.00</u>	<u>122,000.00</u>

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2024 and 2023, the following budget insertions were approved:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>Budget Category</u>	<u>2024</u>	<u>2023</u>
Clean Communities Program	\$ 103,996.57	91,560.71
Federal Opioid Settlement Funds	-	13,547.57
Atlantic County Joint Insurance Fund	2,750.00	-
Drive Sober or Get Pulled Over	12,250.00	15,750.00
Recycling Tonnage Grant	38,945.35	-
Cops in Shops	960.00	1,440.00
Drunk Driving Enforcement Fund	26,215.00	9,925.07
Alcohol Education Rehab	735.50	2,725.69
Cape May County Municipal Alliance Funds	-	26,215.00
NJ Transportation Trust Fund - Reconstruction of Ridgewood and Wildwood Avenues	-	545,085.00
Beech and Delaware Avenues	158,190.00	
Youth Leadership	-	5,042.45
Office of Emergency Management EMAA	10,000.00	10,000.00
Small Cities	400,000.00	400,000.00
Local Recreation Improvement Grant	73,000.00	-
Click It or Ticket	7,000.00	7,000.00
Distracted Driving U Text, U Drive, U Pay	5,600.00	7,000.00
Pedestrian Awareness Campaign	5,250.00	5,250.00
FEMA - Close Out Projects	-	31,610.34
Stormwater Assistance Grant	-	25,000.00
Spotted Lanternfly Reimbursement Program	-	15,000.00
Cape May County ARP Infrastructure	-	400,000.00
DCA Housing Services-Lead Assistance Grant	-	22,700.00
	<u>\$ 844,892.42</u>	<u>1,634,851.83</u>

NOTE 3: INVESTMENTS

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

As of December 31, 2024 and 2023, the Township did not have any investments.

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the Township relative to the happening of a future condition. As of December 31, 2024 and 2023, \$0 of the Township's bank balance of \$21,076,147.82 and \$26,768,930.89 exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2024 and 2023:

	Balance 12/31/2023	Additions	Retirements/ Adjustments	Balance 12/31/2024
Land	\$ 2,076,786.58	834,623.40		2,911,409.98
Building	3,060,731.76			3,060,731.76
Machinery and Equipment	17,196,575.74	729,262.57	19,022.67	17,906,815.64
	<u>\$ 22,334,094.08</u>	<u>1,563,885.97</u>	<u>19,022.67</u>	<u>23,878,957.38</u>

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 6: LONG TERM DEBT

Long-term debt as of December 31, 2024 and 2023 consisted of the following:

	Balance 12/31/23	Issued	Retired	Balance 12/31/24	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 1,424,314.32	249,520.69	-	1,673,835.01	66,712.16
General Capital Fund:					
Bonds Payable	25,695,000.00	-	3,525,000.00	22,170,000.00	3,820,000.00
Green Trust Loans	405,695.87		116,833.70	288,862.17	119,182.10
Total long-term liabilities	<u>\$ 27,525,010.19</u>	<u>249,520.69</u>	<u>3,641,833.70</u>	<u>24,132,697.18</u>	<u>4,005,894.26</u>

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

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

Year Ending December 31	Principal	General Capital Fund Interest	Total
2025	\$ 3,939,182.10	809,484.29	4,748,666.39
2026	2,786,704.41	665,688.78	3,452,393.19
2027	2,910,543.68	566,893.70	3,477,437.38
2028	2,433,196.85	468,458.11	2,901,654.96
2029	2,499,235.13	387,842.35	2,887,077.48
2030-2034	6,840,000.00	870,550.00	7,710,550.00
2035	1,050,000.00	42,000.00	1,092,000.00
	<u>\$ 22,458,862.17</u>	<u>3,810,917.23</u>	<u>26,269,779.40</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

<u>Summary of Municipal Debt</u>	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 22,458,862.17	26,100,695.87	19,390,227.53
Total Issued	<u>22,458,862.17</u>	<u>26,100,695.87</u>	<u>19,390,227.53</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	11,165,000.00	1,220,000.00	6,935,000.00
Total Authorized But Not Issued	<u>11,165,000.00</u>	<u>1,220,000.00</u>	<u>6,935,000.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 33,623,862.17</u>	<u>27,320,695.87</u>	<u>26,325,227.53</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.516%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal/County General Obligations	\$ 88,409,054.17	54,785,192.00	33,623,862.17
Local and Regional High School Debt	27,845,051.53	27,845,051.53	-
	<u>\$ 116,254,105.70</u>	<u>82,630,243.53</u>	<u>33,623,862.17</u>

Net Debt \$33,623,862.17 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,510,467,140.67= 0.516%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 227,866,349.92
Net Debt	33,623,862.17
Remaining Borrowing Power	<u>\$ 194,242,487.75</u>

Description of Bonds and Loans Payable

At December 31, 2024, bonds payable in the General Capital Fund consisted of the following individual issues:

\$9,900,000.00 General Improvement Bonds dated July 18, 2015, due in annual installments beginning July 15, 2016 through July 15, 2025, bearing interest at various rates from 3.000% to 4.000% per annum. The balance remaining as of December 31, 2024 is \$1,360,000.00.

\$4,520,000.00 General Improvement Bonds dated August 5, 2016, due in annual installments beginning July 15, 2017 through July 15, 2027, bearing interest at various rates from 2.000% to 3.000% per annum. The balance remaining as of December 31, 2024 is \$1,570,000.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

\$8,490,000.00 General Improvement Bonds dated July 15, 2018, due in annual installments beginning July 15, 2019 through July 15, 2030, bearing interest at various rates from 2.00% to 5.00% per annum. Bonds maturing on or after July 15, 2026 are redeemable at the option of the Township, in whole or in part, on any date on or after July 15, 2025. The balance remaining as of December 31, 2024 is \$5,120,000.00.

\$7,450,000 General Improvement Bonds dated August 14, 2019, due in annual installments beginning August 15, 2020 through August 15, 2031, bearing interest at various rates from 2.00% to 4.00% per annum. Bonds maturing on or after August 15, 2027 are redeemable at the option of the Township, in whole or in part, on any date on or after August 15, 2026. The balance remaining as of December 31, 2024 is \$5,110,000.00.

\$9,535,000 General Improvement Bonds dated November 1, 2023, due in annual installments beginning November 1, 2024 through November 1, 2035, bearing interest at various rates from 4.00% to 5.00% per annum. Bonds maturing on or after November 1, 2031 are redeemable at the option of the Township, in whole or in part, on any date on or after November 1, 2030. The balance remaining as of December 31, 2024 is \$9,010,000.00.

\$800,000.00 State of New Jersey Green Trust Loans dated 2006, due in semi-annual installments beginning in 2007 through 2026, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2024 is \$73,151.98.

\$900,000.00 State of New Jersey Green Trust Loans dated 2007, due in semi-annual installments beginning in 2007 through 2027, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2024 is \$135,810.83.

\$300,000.00 State of New Jersey Green Trust Loans dated 2009, due in semi-annual installments beginning in 2010 through 2029, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2024 is \$79,899.36.

NOTE 7: LEASE OBLIGATIONS

Operating Lease

In October 2019, the Township entered into an agreement to lease two (2) postage machines for the Township Building and the Court/Police building. The term of the lease was 60 months and expired in October 2024, however the Township continued to lease this equipment on a month to month basis through March 2025. A new lease was entered into commencing April 2025 for two (2) postage machines at the same two locations within the Township. The total monthly payment for new lease is \$650.00. The Township has the option to purchase this equipment at the end of the lease term for fair market value.

The total operating lease payments made in 2024 and 2023 were \$6,720.00.

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Year	Amount
2025	\$ 7,530.00
2026	7,800.00
2027	7,800.00
2028	7,800.00
2029	7,800.00
2030	1,950.00
Total	\$ 40,680.00

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2024 and 2023, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2025 and 2024 were as follows:

	2025	2024
Current Fund	\$ 4,500,000.00	4,830,367.00

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the Township to appropriate in the 2025 budget is \$9,277,259.09.

NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the balance sheets of the current fund.

	Balance December 31, 2024	2025 Budget Appropriation	Balance to Succeeding Years
Current fund:			
Emergency Appropriation	\$ 25,000.00	25,000.00	-
Special Emergency Appropriation	122,000.00	34,000.00	88,000.00
	<u>\$ 147,000.00</u>	<u>59,000.00</u>	<u>88,000.00</u>

The appropriations in the 2025 budget are not less than that required by statute.

NOTE 10: SCHOOL TAXES

Local District School Tax in the amounts of \$20,360,241.00 and \$19,778,919.00 have been raised for the 2024 and 2023 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service, if any.

Regional High School Tax in the amounts of \$15,200,210.00.00 and \$14,602,457.00 have been raised for the 2024 and 2023 calendar years and remitted to the regional high school district.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	12/31/2024	12/31/2023
Balance of Tax	\$ 7,600,105.00	7,301,228.50
Deferred	7,600,105.00	7,301,228.50
Tax Payable	<u>\$ -</u>	<u>-</u>

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 12/31/2024	Balance 12/31/2023
Prepaid Taxes	<u>\$ 1,630,096.95</u>	<u>1,582,272.68</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 1,630,096.95</u>	<u>1,582,272.68</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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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 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 15.94% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2024, 2023, and 2022 were \$851,859.00, \$834,373.00, and \$718,689.00.

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, 2024, 2023, and 2022 were \$1,450,090.00, \$1,394,047.00, and \$1,307,269.00.

The total payroll for the year ended December 31, 2024, 2023, and 2022 was \$111,910,670.67, \$11,202,636.98, and \$11,071,486.84. Payroll covered by PERS was \$5,342,898.00, \$4,959,642.00, and \$4,739,075.00. Payroll covered by PRFS was \$4,345,817.00, \$4,233,172.00, and \$4,001,004.00.

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.

NOTES TO FINANCIAL STATEMENTS

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- 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.

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 PFRS, 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, 2023:

Public Employees' Retirement System

The Township has a liability of \$9,231,858 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 that was rolled forward to June 30, 2023. 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, 2023, the Township's proportion would be 0.06373667240%, which would be a decrease of 3.67% from its proportion measured as of June 30, 2021.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

For the year ended December 31, 2023, the Township would have recognized negative pension expense of \$140,816. At December 31, 2023, the Township would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 88,268	\$ (37,737)
Changes of assumptions	20,281	(559,490)
Changes in proportion	558,174	(519,123)
Net difference between projected and actual earnings on pension plan investments	42,514	
Total	<u>\$ 709,237</u>	<u>\$ (1,116,350)</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:

Year ended June 30,	
2024	\$ 592,006
2025	(93,250)
2026	(750,402)
2027	(140,330)
2028	(15,138)
Total	<u>\$ (407,113)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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%

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adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 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, 2023) 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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

NOTES TO FINANCIAL STATEMENTS
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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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the net pension liability	\$ 11,132,246	9,231,858.00	7,616,131.26

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 \$12,035,544 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2022 that was rolled forward to June 30, 2023. 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, 2023, the Township's proportion would be 0.10893095000%, which would be an increase of 1.63% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Township would have recognized pension expense of \$635,060. At December 31, 2023, 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	\$ 515,338	\$ (573,989)
Changes of assumptions	25,977	(812,688)
Changes in proportion	383,353	(762,826)
Net difference between projected and actual earnings on pension plan investments	612,948	-
Total	<u>\$ 1,537,616</u>	<u>\$ (2,149,503)</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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NOTES TO FINANCIAL STATEMENTS
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Year ended June 30,		
2024	\$	(1,233,129)
2025		(1,183,406)
2026		1,903,980
2027		(163,757)
2028		58,449
Thereafter		5,977
Total	\$	<u>(611,887)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation of July 1, 2021, which was rolled forward to June 30, 2023. 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, 2022 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, 2023) 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, 2023 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 determine 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	\$ 16,081,452.22	12,035,544.00	7,896,625.38

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, 2023 State special funding situation net pension liability amount of \$2,035,866,759.00 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.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The fiscal year ending June 30, 2023 State special funding situation pension expense of \$231,575,656.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2023. 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 2023, 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 0.10893095000% for 2023. The net pension liability amount allocated to the Township was \$2,217,689. For the fiscal year ending June 30, 2023 State special funding situation pension expense of \$252,258 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, 2023 were \$3,461,898,890 and \$11,427,677,896, 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, 2022 through June 30, 2023. 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.

NOTES TO FINANCIAL STATEMENTS
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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, 2023 is as follows:

	June 30, 2023	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 14,889,576,786	33,516,572
Plan Fiduciary Net Position (Deficit)	(116,962,691)	(257,716)
Net OPEB Liability	<u>\$ 15,006,539,477</u>	<u>33,774,288</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.77%

At June 30, 2023 the Township's proportionate share of the Collective Net OPEB Liability was \$33,065,409. The State's proportionate share for the Special Funding Situation that is associated with the Township is \$708,879. The Township's proportion of the Collective Net OPEB Liability was 0.220340% which was an increase from the prior year of 13.10%. The State's proportionate share attributable to the Township of the Collective Net OPEB Liability for the Special Funding Situation was 0.020317% which was a decrease from the prior year of 33.20%.

Township's Proportionate Share of Collective Net OPEB Liability	\$ 33,065,409
State's proportionate share that is associated with the Municipality	708,879
Total	<u>\$ 33,774,288</u>

For the Year ended June 30, 2023 the Township's Total OPEB Expense was \$811,107 and the State of New Jersey realized Total OPEB Expense in the amount of \$(128,534) for its proportionate share of Total OPEB Expense that is associated with the Township.

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. 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:

Investment Rate of Return	
Including Inflation rate	3.65%

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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.

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.

NOTES TO FINANCIAL STATEMENTS
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Actuarial assumptions used in the July 1, 2022 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 3.65%. 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, 2023, 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 (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Collective				
Net OPEB Liability	\$	17,382,355,978	15,006,539,477	13,095,561,553
Proportionate Share				
Net OPEB Liability	\$	39,121,391	33,774,288	29,473,368

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

The following presents the net OPEB liability as of June 30, 2023, 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	\$	12,753,792,805	15,006,539,477	17,890,743,651
Proportionate Share				
Net OPEB Liability	\$	28,704,171	33,774,288	40,265,588

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

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	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	\$ 629,024,174	(4,075,285,752)	1,524,806	(8,979,485)
Changes of assumptions	1,943,909,895	(4,241,868,248)	4,283,211	(9,346,532)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,476,129)	-	(5,456)
Changes in proportion and differences between contributions and proportionate share of contributions	-		13,247,037	(1,207,718)
Total	\$ 2,572,934,069	(8,319,630,129)	19,055,054	(19,539,191)

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
2024	\$ (1,702,483,126.00)	(145,017.44)
2025	(1,394,440,795.00)	(118,778.41)
2026	(754,368,466.00)	(64,257.08)
2027	(353,621,247.00)	(30,121.44)
2028	(713,799,887.00)	(60,801.45)
Thereafter	(764,982,539.00)	(65,161.18)
Total	\$ (5,683,696,060.00)	(484,137.00)

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, 2023 are as follows:

Service cost	\$ 597,135,801
Interest on Total OPEB Liability	581,375,849
Expected Investment Return	3,134,857
Administrative Expenses	12,616,744
Changes of Benefit Terms	23,039,435
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(899,529,226)
Changes in Assumptions	(803,252,884)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	1,590,849
Total Collective OPEB Expense	\$ (483,888,575)

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Schedule of Township's Share of Net OPEB Liability

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Township's Proportionate Share of Net OPEB Liability	\$ 0.22034%	0.19482%	0.19043%
Township's Share of Net OPEB Liability	33,774,288	32,487,944	34,277,703
Township's Covered Payroll	4,959,642	4,739,075	4,730,025
Township's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	680.98%	685.53%	724.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Township's Proportionate Share of Net OPEB Liability	\$ 0.14491%	0.13145%	0.14098%
Township's Share of Net OPEB Liability	26,007,155	17,806,040	22,086,328
Township's Covered Payroll	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	572.36%	394.30%	488.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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, 2024, the Township estimates this liability to approximate \$1,673,835.01 based on 2024 pay rates and compensated absence balances. The Township has established a trust reserve for accumulated absences in the amount of \$1,412,076.33 to offset this liability.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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, 2024 and 2023 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.

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:

Year	Contributions	Amount Reimbursed	Ending Balance
2024	\$ 103,957.39	149,970.95	117,076.25
2023	56,506.13	121,065.58	163,089.81
2022	197,196.85	97,520.80	227,649.26

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

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, 2024, the following interfunds were included on the balance sheets of the various funds of the Township of Lower:

	Due From	Due To
Current Fund:		
Federal and State Grant Fund	\$ 480,377.77	-
Federal and State Grant Fund:		
Current Fund	-	480,377.77
	\$ 480,377.77	480,377.77

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

NOTE 21: SUBSEQUENT EVENTS

Capital Ordinances

On April 21, 2025, Township Council adopted capital ordinance #2025-12 which authorizes the following projects to be completed. This bond ordinance increases the Township's authorized debt by \$2,735,000.00.

Project	Appropriation And Estimated Cost	Estimated Maximum Amount of Bonds & Notes
Various Recreation Improvements to Township Parks and Recreation Facilities	\$ 1,116,576	1,059,747
Acquisition and Installation of Various Equipment for the Department of Public Works	561,296	533,231
Acquisition and Installation of Various Equipment for the Police Department	643,468	611,295
Various Equipment and Improvements, including but not limited to, water main extension at the DPW Building, Computer Hardware and Software Upgrades for Various Offices, and the Acquisition of Vehicles	558,660	530,727
Total	\$ 2,880,000	2,735,000

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

Other

On February 19, 2025, Township Council approved an agreement of sale pertaining to real property located at 9600 Seaview Avenue, in the Diamond Beach section of the Township. The sale closed on March 17, 2025 at the price was \$1 million. The proceeds were received by the Township on March 18, 2025.

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and through May 16, 2025, 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.

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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, 2024, 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 16, 2025, 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 on 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 16, 2025

Schedule of Financial Statement Findings

NONE

***Schedule of Federal Awards and State Financial Assistance Findings
and Questioned Costs***

NONE

STATUS OF PRIOR RECOMMENDATIONS

There were no findings in 2023.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2023	\$ 13,821,975.52	-
Increased by Receipts:		
Tax Collector	74,258,001.87	
Tax Title Liens	2,835.47	
Prepaid Taxes	1,630,096.95	
Appropriation Refunds	853,367.17	
Revenue Accounts Receivable	6,700,687.98	
Miscellaneous Revenue	403,615.39	
Prepaid Commercial Trash Receipts	30,126.75	
Due from State of New Jersey - Senior Citizens & Veterans	249,505.26	
Due to State of New Jersey - Marriage and Burial Licenses	2,825.00	
Permit Surcharge Fees	43,506.00	
Due to Lower Township MUA-Tax Sale	58,200.48	
Due from General Capital	5,011,303.34	
Due from Trust Funds	60,607.02	
Election Fees	81,770.00	
Due from Current Fund		6,136.96
Federal and State Unappropriated	74,896.39	
Federal and State Receivables	900,610.52	24,626.61
	<u>90,361,955.59</u>	<u>30,763.57</u>
	104,183,931.11	30,763.57
Decreased by Disbursements:		
Current Year Appropriation	30,872,158.55	
Prior Year Appropriations	480,990.74	
Accounts Payable	12,303.40	
County Taxes	14,584,939.20	
County Added and Omitted Taxes	40,173.67	
Local District School Taxes	20,360,241.00	
Regional School Taxes	14,901,333.50	
Fire District Taxes	2,547,526.52	
Due to State of New Jersey - Marriage and Burial Licenses	2,875.00	
Permit Surcharge Fees	45,046.00	
Due to Lower Township MUA-Tax Sale	58,200.48	
Due to Trust Funds	60,607.02	
Due to General Capital Fund	5,011,303.34	
Due to Grant Fund	6,136.96	
Election Fees	81,770.00	
Uniform Fire Safety Act Year End Adjustment	85,594.02	
Other Miscellaneous Refunds		
Senior Citizens and Veterans	7,263.65	
Other	4,452.06	
Federal and State Disbursements	1,670,614.30	30,763.57
	<u>90,833,529.41</u>	<u>30,763.57</u>
Balance December 31, 2024	\$ <u>13,350,401.70</u>	<u>-</u>

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

Year	Balance Dec. 31, 2023	Current Year Levy	Added Taxes	Collections by Cash		Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2024
				2023	2024			
Arrears	\$ -							
2023	618,116.13		3,704.11		620,618.86	184.37		-
	618,116.13	-	3,704.11	-	620,618.86	184.37	-	0.00
2024	-	75,804,896.00	490,379.32	1,582,272.68	73,933,423.51	92,857.53	9,132.13	677,589.47
\$	618,116.13	75,804,896.00	494,083.43	1,582,272.68	74,554,042.37	93,874.54	-	677,589.47

Cash Receipts
 74,258,001.87
 246,452.17 Senior Citizens and Veterans
 49,588.33 Overpayments Applied
74,554,042.37

Analysis of Current Year Tax Levy

Tax Yield:

General Property Tax 73,257,369.48
 Special District Taxes 2,547,526.52
 Added Taxes (54:4-63.1 et. Seq.) 490,379.32
76,295,275.32

Tax Levy:

General County Taxes 12,162,676.10
 County Library Taxes 1,775,525.00
 County Open Space Taxes 646,738.10
 County Added and Omitted Taxes 93,624.95
Total County Taxes 14,678,564.15

Local School District Tax 20,360,241.00
 Regional School District Tax 15,200,210.00
 Special District Taxes 2,547,526.52

Local Tax for Municipal Purposes 23,092,558.98
 Add: Additional Tax Levied 416,174.67
23,508,733.65

76,295,275.32

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

Balance December 31, 2023		\$	137,890.49
Increased by:			
Transfers from Taxes Receivable	9,316.50		
Lot Clearing Charges	-		
Foreclosure Vacated	-		
Interest and Costs Accrued by Sale October 21, 2024	84.75		
			<u>9,401.25</u>
			147,291.74
Decreased by:			
Collections	2,835.47		
Transferred to Foreclosed Property	71,116.68		
			<u>73,952.15</u>
Balance December 31, 2024		\$	<u><u>73,339.59</u></u>
Lower Township MUA Charges and Costs			7,848.36
Lot Clearing			443.08
Township Liens			<u>65,048.15</u>
			<u><u>73,339.59</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2023	Accrued in 2024	Collector	Collected by Treasurer	Other	Balance Dec. 31, 2024
Licenses:						
Alcoholic Beverages		39,900.00		39,900.00		
Other		309,036.90		309,036.90		
Fees and Permits		85,560.12		85,560.12		
Fines and Costs:						
Municipal Court	3,610.17	82,880.69		82,611.07		3,879.79
Interest and Costs on Taxes		161,026.13	161,026.13			
Interest Earned on Investments		840,464.14		840,464.14		
Amount Anticipated from LTMUA per N.J.S.A. 40A:5A-12.1		160,000.00		160,000.00		
Recreation Fees		65,921.33		65,921.33		
Payment in Lieu of Taxes - Yorkshire Place		31,826.70		31,826.70		
Payment in Lieu of Taxes - Haven House		51,815.53		51,815.53		
Payment in Lieu of Taxes - Conifer		40,356.78		40,356.78		
Payment in Lieu of Taxes - CM Tech Village		10,767.96		10,767.96		
Cable TV Franchise Fee		144,368.94		144,368.94		
Bulk Trash Receipts		108,193.54		108,193.54		
Occupancy Tax		922,402.97		922,402.97		
Energy Receipts Tax		1,493,389.00		1,493,389.00		
Garden State Preservation Trust		107,673.00		107,673.00		
Uniform Construction Code Fees		663,517.00		663,517.00		
Uniform Fire Code		524,548.62		524,548.62		
Reserve to Pay Debt Service		500,000.00		500,000.00		
Boards of Education - Special Police		156,596.44		156,596.44		
County Interlocal - Garage Services		55,711.81		55,711.81		
Wildwood Crest - Court Interlocal		145,000.00		145,000.00		
Miscellaneous Revenue Not Anticipated		403,615.39		403,615.39		
	<u>3,610.17</u>	<u>7,104,572.99</u>	<u>161,026.13</u>	<u>6,943,277.24</u>	<u>-</u>	<u>3,879.79</u>
	\$					
Cash Received				\$	6,943,277.24	
Prior Year Prepayments				\$	<u>6,943,277.24</u>	

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2023	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Office of Township Council						
Salaries and Wages		-			-	
Other Expenses	8,166.19	8,166.19	542.50		7,623.69	
Office of Township Clerk						
Salaries and Wages	20,006.02	20,006.02	-		20,006.02	
Other Expenses	1,700.66	1,700.66	1,198.69		501.97	
Elections						
Other Expenses	377.06	377.06	-		377.06	
Office of Township Solicitor						
Other Expenses	63,159.49	63,159.49	11,658.25		51,501.24	
Office of Township Manager						
Salaries and Wages	3,989.58	3,989.58	1,311.10		2,678.48	
Other Expenses	1,126.97	1,126.97	158.50		968.47	
Office of Human Resources						
Salaries and Wages	70,000.00	70,000.00	-		70,000.00	
Other Expenses	5,000.00	5,000.00	-		5,000.00	
Department of Revenue and Finance						
Salaries and Wages	9,156.72	9,156.72	4,239.90		4,916.82	
Other Expenses	6,608.13	6,608.13	4,043.06		2,565.07	
Division of Tax Collection						
Salaries and Wages	8,497.43	8,497.43	-		8,497.43	
Other Expenses						
Miscellaneous Other Expenses	8,922.62	8,922.62	1,828.53		7,094.09	
Liquidation of Tax Title Liens	14,987.00	14,987.00	7,226.55	7,740.45	20.00	
Division of Tax Assessment						
Salaries and Wages	13,967.29	13,967.29	-		13,967.29	
Other Expenses	14,156.85	14,156.85	12,785.13	40.00	1,331.72	
Department of Planning and Development						
Salaries and Wages	3,104.38	3,104.38	2,143.40		960.98	
Other Expenses	19,781.64	19,781.64	428.12		19,353.52	
Engineering Services and Costs						
Other Expenses	3,342.60	3,342.60	3,342.60		-	
Department of Parks and Recreation						
Salaries and Wages	31,280.32	31,280.32	620.80		30,659.52	
Other Expenses	21,565.23	21,565.23	17,531.35	210.00	3,823.88	
Department of Public Works						
Salaries and Wages	104,597.01	104,597.01	8,941.85		95,655.16	
Other Expenses						
Sanitary Landfill	90,054.19	90,054.19	61,135.03		28,919.16	
Miscellaneous Other Expenses	42,226.14	42,226.14	24,381.61		17,844.53	

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2023	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
Public Buildings and Grounds						
Salaries and Wages	18,675.91	18,675.91	-		18,675.91	
Other Expenses	21,454.78	21,454.78	13,230.66		8,224.12	
PUBLIC SAFETY						
Department of Public Safety						
Salaries and Wages	169,237.84	169,237.84	6,784.66		162,453.18	
Other Expenses	106,824.07	106,824.07	99,985.51	2,083.34	4,755.22	
Uniform Fire Safety Act (PL 1983, Ch. 383)						
Salaries and Wages	24,621.44	24,621.44	-		24,621.44	
Other Expenses	13,409.46	13,409.46	3,366.28		10,043.18	
Emergency Management Services						
Salaries and Wages	0.14	0.14			0.14	
Other Expenses	8,304.80	8,304.80	170.00		8,134.80	
Code Enforcement/Demolition						
Other Expenses	10,406.51	10,406.51			10,406.51	
Planning Board						
Other Expenses	262.50	262.50	170.00		92.50	
Zoning Board of Adjustments						
Other Expenses	287.00	287.00	250.00		37.00	
OFFICE OF NON-DEPARTMENTAL BOARDS, AUTHORITIES AND AGENCIES:						
Animal Regulation						
Other Expenses						
Contractual	12,388.60	12,388.60			12,388.60	
Municipal Court						
Salaries and Wages	17,450.17	17,450.17			17,450.17	
Other Expenses	14,617.72	14,617.72	7,462.49		7,155.23	
INSURANCE						
General Liability	24,970.10	24,970.10	4,898.00		20,072.10	
Worker's Compensation Insurance	32,682.70	32,682.70			32,682.70	
Employee Group Health Benefits	515,136.70	515,136.70	26,895.57		488,241.13	
Health Benefit Waiver						
Salaries and Wages	9,583.33	9,583.33			9,583.33	
INTERLOCAL AGREEMENTS						
Wildwood	1,666.66	1,666.66			1,666.66	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2023	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	106,926.90	106,926.90	-		106,926.90	
Other Expenses	2,198.74	2,198.74	617.57		1,581.17	
UNCLASSIFIED						
Celebration of Public Events or Holidays	18,659.26	18,659.26	14,139.98		4,519.28	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	47,988.73	47,988.73	21,452.00		26,536.73	
Street Lighting	44,188.25	49,188.25	45,473.21		3,715.04	
Telephone	14,771.02	14,771.02	2,786.02		11,985.00	
Water & Sewer	8,910.36	8,910.36	-		8,910.36	
Natural Gas	53,129.35	48,129.35	19,862.51		28,266.84	
Heating Oil	4,572.91	4,572.91	1,417.63		3,155.28	
Gasoline	122,677.67	122,677.67	48,739.26		73,938.41	
Contingent	300.00	300.00			300.00	
REGULATORY EXPENDITURES						
Contributions to						
Social Security System	15,036.20	15,036.20	(227.58)		15,263.78	
Unemployment	1,639.60	1,639.60	-		1,639.60	
Defined Contribution Retirement Program	704.07	704.07			704.07	
Supplemental Fire Services Program						
Fire District Direct Program	1.00	1.00			1.00	
	<u>\$ 2,009,458.01</u>	<u>2,009,458.01</u>	<u>480,990.74</u>	<u>10,073.79</u>	<u>1,518,393.48</u>	<u>-</u>
		Cash Disbursements	<u>480,990.74</u>			

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

Balance December 31, 2023		
School Tax Payable	\$ -	
School Tax Deferred	-	
	<u> </u>	\$ -
Increased by:		
Levy - School Year 2023-2024		<u>20,360,241.00</u>
		20,360,241.00
Decreased by:		
Payments		<u>20,360,241.00</u>
Balance December 31, 2024		
School Tax Payable	-	
School Tax Deferred	-	
	<u> </u>	<u>-</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		20,360,241.00
Tax Payable Ending		<u>-</u>
		20,360,241.00
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations		<u><u>\$ 20,360,241.00</u></u>

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

Balance December 31, 2023			
School Tax Payable	\$	-	
Adjustment			
School Tax Deferred		<u>7,301,228.50</u>	
			\$ 7,301,228.50
Increased by:			
Levy - Calendar Year 2024			<u>15,200,210.00</u>
			22,501,438.50
Decreased by:			
Payments			<u>14,901,333.50</u>
Balance December 31, 2024			
School Tax Payable		-	
School Tax Deferred		<u>7,600,105.00</u>	
			<u>7,600,105.00</u>
Current Year Liability for Regional High School Tax:			
Tax Paid			14,901,333.50
Tax Payable Ending			<u>-</u>
			14,901,333.50
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u>\$ 14,901,333.50</u>

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31, 2023	Transferred From 2024 Revenues	Received	Adjustment/ Cancelled	Balance Dec. 31, 2024
FEDERAL GRANTS:					
Small Cities 2020	\$				
ADA Compliance Rotary Park	400,000.00		393,905.51		6,094.49
Villas Drainage Projects	12,355.55				12,355.55
Stormwater Improvements (Outfall Replacement)	400,000.00				400,000.00
Public Facilities Grant (2024) - Municipal Pool		400,000.00			400,000.00
NJ Department of Law and Public Safety					
Emergency Management Performance Grant		10,000.00	10,000.00		-
New Jersey Department of Law & Public Safety					
Click It or Ticket	-	7,000.00	7,000.00		-
Distracted Driving	-	5,600.00	5,565.00		35.00
Drive Sober or Get Pulled Over	12,600.00	12,250.00	15,190.00		9,660.00
Cops in Shops	-	960.00	960.00		-
Total Federal	824,955.55	435,810.00	432,620.51	-	828,145.04
STATE GRANTS:					
Clean Communities	-	103,996.57	103,996.57		-
Recycling Tonnage Grant	-	38,945.35	38,945.35		-
Stormwater Assistance Grant	10,000.00				10,000.00
Alcohol Education & Rehabilitation	-	735.50	735.50		-
Drunk Driving Enforcement Fund	545.14		280.00		265.14
Bulletproof Vest	7,760.63		3,856.09		3,904.54
NJ Department of Community Affairs					
Housing Services - Lead Assistance Grant	-				-
Local Recreation Grant		73,000.00			73,000.00
NJ Department of Agriculture					
Spotted Lanternfly Control	15,000.00				15,000.00
NJ Department of Law & Public Safety					
2023 Summer Pedestrian Awareness Campaign	5,250.00		5,250.00		-
2024 Summer Pedestrian Awareness Campaign		5,250.00			5,250.00
NJ Department of Transportation					
Reconstruction of Beach Avenue & Delaware Avenue	-	158,190.00			158,190.00

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

Purpose	Balance Dec. 31, 2023	Transferred From 2024 Revenues	Received	Adjustment/ Cancelled	Balance Dec. 31, 2024
Reconstruction of Fire Lane	42,500.00				42,500.00
Reconstruction of Ridgewood Avenue	200,000.00				200,000.00
Reconstruction of Wildwood Avenue	345,085.00		301,313.75		43,771.25
Total State	<u>626,140.77</u>	<u>380,117.42</u>	<u>454,377.26</u>	<u>-</u>	<u>551,880.93</u>
OTHER GRANTS:					
Municipal Alliance (Lower Consortium)					0.00
2020/2021	2,990.09		2,990.09		-
2021/2022 (Youth Leadership)	5,042.45		5,042.45		15,291.85
2022/2023	31,885.92		16,594.07		26,215.00
2024/2025		26,215.00			2,750.00
Atlantic County JIF	0.00	5,475.00	2,725.00		-
Cape May County Arts	2,707.75	8,180.00	10,887.75		2,500.00
Sustainable Jersey	2,500.00				
Cape May County - Open Space	400,000.00				400,000.00
ARP Infrastructure	-	846,289.13			846,289.13
Diamond Beach Playground					
Total State	<u>445,126.21</u>	<u>886,159.13</u>	<u>38,239.36</u>	<u>-</u>	<u>1,293,045.98</u>
\$	<u>1,896,222.53</u>	<u>1,702,086.55</u>	<u>925,237.13</u>	<u>-</u>	<u>2,673,071.95</u>

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2023		2024	Disbursed	Encumbrances	Adjustments/ Cancelled	Balance Dec. 31, 2024
	Appropriated	Reserve for Encumbrances	Appropriations				
FEDERAL GRANTS:							
Small Cities - 2019							
Housing Rehabilitation	\$ 90.00						90.00
Small Cities - 2020							
ADA Compliance Rotary Park	-	280,627.67		280,627.67			-
Villas Drainage Projects	20,450.24						20,450.24
Stormwater Improvements (Outfall Replacements)	400,000.00						400,000.00
Public Facilities Grant - Municipal Pool			400,000.00				400,000.00
New Jersey Department of Law and Public Safety							
Emergency Management Agency Assistance (EMAA)	13,705.57		10,000.00	7,411.15			6,294.42
Emergency Management Performance Grant							10,000.00
New Jersey Department of Law & Public Safety							
National Opioid Settlement Funds	38,543.26						38,543.26
Click It or Ticket	-		7,000.00	7,000.00			-
Districted Driving (U Text, U Drive, U Pay)	-		5,600.00	5,665.00			35.00
Drive Sober or Get Pulled Over							
Labor Day Crackdown	2,660.00		5,250.00	3,920.00			3,990.00
Year End Holiday Crackdown	5,530.00		7,000.00	4,130.00			8,400.00
Cops in Shops	-		960.00	960.00			-
American Rescue Plan Act of 2021 - Drainage Projects	184,275.13	59,990.00		107,620.00	32,000.00		104,645.13
Total Federal	665,254.20	340,617.67	435,810.00	417,233.82	32,000.00	-	992,448.05
STATE GRANTS:							
Department of Environmental Protection							
Clean Communities	-		103,996.57	102,996.57	1,000.00		-
Recycling Tonnage Grant	200.00		38,945.35	39,145.35			-
Stormwater Assistance Grant	-	21,400.00		2,290.00	19,110.00		-
Alcohol Education and Rehabilitation	2,839.17	19,527.06	735.50				23,101.73
Drunk Driving Enforcement Fund	19,006.66			(298.34)	19,305.00		(0.00)
Bulletproof Vest Partnership Grant	0.00						0.00
New Jersey Historic Trust	-						-
Department of Community Affairs							
Housing Services - Lead Assistance Grant	22,700.00			6,575.49			16,124.51
Local Recreation Improvement Grant			73,000.00				73,000.00
Department of Agriculture							
Spotted Lanternfly Control	15,000.00						15,000.00
NJ Dept of Law & Public Safety	140.00						140.00
2023 Summer Pedestrian Awareness Campaign			5,250.00	5,250.00			-
2024 Summer Pedestrian Awareness Campaign							
NJ Department of Transportation							
Reconstruction of Ridgewood Avenue	145,893.75	48,000.00		19,182.50	25,726.25		148,985.00
Reconstruction of Wildwood Avenue	343,085.00			343,085.00			-
Reconstruction of Beech Avenue & Delaware Avenue			158,190.00				158,190.00
Total State	548,864.58	88,927.06	380,117.42	518,226.57	65,141.25	-	434,541.24

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

	Balance December 31, 2023		2024 Appropriations	Disbursed	Encumbrances	Adjustments/ Cancelled	Balance Dec. 31, 2024
	Appropriated	Reserve for Encumbrances					
OTHER GRANTS:							
Municipal Alliance	10,084.90			5,042.45			5,042.45
2021/2022 Youth Leadership	16,137.74		26,215.00	25,721.12			16,631.62
2024/2025	5.00		5,475.00	5,475.00			5.00
Safety JIF	955.11			955.11			0.00
Comcast (Twp Share)	17,769.12						17,769.12
Comcast (LCMR Share)	5,000.00						5,000.00
Sustainable Jersey Grant	-		8,180.00	8,180.00			-
Cape May County Arts	6,773.73						6,773.73
Warming Center - County Agreement	1,000.00						1,000.00
Ducks Unlimited	-						-
Cape May County Open Space	400,000.00			720,543.80			400,000.00
ARP Infrastructure			846,289.13				125,745.33
Diamond Beach Playground							
Total Other	457,725.60	-	886,159.13	765,917.48	-	-	577,967.25
	1,671,844.38	429,544.73	1,702,086.55	1,701,377.87	97,141.25	-	2,004,956.54

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

Purpose	Balance Dec. 31, 2023	Transferred To 2024 Appropriations	Received	Adjustments	Balance Dec. 31, 2024
FEDERAL GRANTS:					
New Jersey Department of Law & Public Safety					
National Opioid Settlement Funds	\$ -		74,896.39		74,896.39
Total Federal	-	-	74,896.39	-	74,896.39
STATE GRANTS:					
Lead Based Paint Inspections	-		15,700.00		15,700.00
Total State	-	-	15,700.00	-	15,700.00
OTHER GRANTS:					
None	-				-
Total Other Grants	-	-	-	-	-
	\$ -	-	90,596.39	-	90,596.39
		Current Fund	74,896.39		
		Trust Funds	15,700.00		
			90,596.39		90,596.39

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2023		\$	8,674.40
Increased By Receipts:			
Dog Licenses Fees	3,971.40		
State License Fees	1,623.60		
Late Fees Collected	750.00		
Interest	499.72		
			<u>6,844.72</u>
			15,519.12
Decreased By Disbursements:			
State of New Jersey	1,617.00		
Due to Current Fund	4,583.62		
Animal Control Expenditures	675.00		
			<u>6,875.62</u>
Balance December 31, 2024		\$	<u><u>8,643.50</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	<u>Other</u>	
Balance December 31, 2023	\$	4,226,806.87
Increased By Receipts:		
Unemployment	103,957.39	
Community Police	8,561.78	
Police Forfeiture	3,217.07	
Redemption of Tax Title Liens	254,753.69	
Premiums Received at Tax Sale	153,123.94	
Historic Commission	35.15	
Dedicated Recreation Fees	32,499.00	
Fire Safety	85,594.02	
Off Duty Police	130,810.00	
Small Cities Revolving Loan	102,386.36	
Accumulated Absences	200,000.00	
Performance Deposits	304,164.81	
Developers' Escrow	109,487.41	
Public Defender	728.67	
Group Insurance	75,290.08	
Donations	11,000.00	
POAA	36.00	
	<u>1,575,645.37</u>	<u>5,802,452.24</u>
Decreased By Disbursements:		
Payment of Unemployment Claims	149,970.95	
Reserve for Communiity Police	7,396.76	
Fire Safety	91,798.05	
Refund of Tax Sale Certificates	264,942.14	
Refund of Premiums	145,523.94	
Dedicated Recreation Fees	26,472.32	
Off Duty Police	126,614.55	
Accumulated Absences	37,479.15	
Performance Deposits	276,390.50	
Developer's Escrow	59,082.75	
Group Insurance	71,724.03	
Prepaid Trust Reserve - Outside Police Services	8,000.00	
Donations	1,000.00	
Small Cities Revolving Loan	64,733.44	
	<u>1,331,128.58</u>	<u>4,471,323.66</u>
Balance December 31, 2024	\$	<u><u>4,471,323.66</u></u>

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2023		\$ 8,674.40
Increased By:		
Dog Licenses Fees Collected	3,971.40	
Late Fees Collected	750.00	
Interest	499.72	
	<hr/>	<hr/>
		5,221.12
		13,895.52
Decreased By:		
Animal Control Expenditures	675.00	
Due to Current - Excess	4,583.62	
	<hr/>	<hr/>
		5,258.62
Balance December 31, 2024		\$ <u><u>8,636.90</u></u>

License Fees Collected

Year

2023	\$ 4,107.60
2022	4,900.80
	<hr/>
	<u><u>9,008.40</u></u>

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

Balance December 31, 2023		\$	-
Increased By:			
License Fees Collected	1,623.60		
	<hr/>		<hr/>
			1,623.60
			<hr/>
			1,623.60
Decreased By:			
Paid to State of New Jersey	1,617.00		
	<hr/>		<hr/>
			1,617.00
			<hr/>
Balance December 31, 2024		\$	<hr/> <hr/> 6.60

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

Balance December 31, 2023		\$	8,544,545.27
Increased by:			
Capital Improvement Fund	<u>275,000.00</u>		<u>275,000.00</u>
			8,819,545.27
Decreased by:			
Improvement Authorizations	4,995,303.34		
Reserve for Debt Service - Anticipated as Current Fund Revenue	<u>500,000.00</u>		<u>5,495,303.34</u>
Balance December 31, 2024		\$	<u><u>3,324,241.93</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2024
	Miscellaneous	Serial Bonds Issued	Improvement Authorizations	Miscellaneous	From	To	
\$							
Fund Balance	125,785.28						125,785.28
Capital Improvement Fund	250,764.00				525,000.00		764.00
Encumbrances Payable	1,973,786.85				1,973,786.85	2,822,235.98	2,822,235.98
Reserve for Debt Service	911,715.70			500,000.00			411,715.70
Improvement Authorizations:							
2012-10 Various Capital Improvements	5,927.75		99.99		-	-	5,827.76
2013-10 Various Capital Improvements	45,000.00		-		-	-	45,000.00
2014-10 Various Capital Improvements	93,174.00		40,246.00		49,486.92	6,451.54	9,892.62
2015-03 Various Capital Improvements	10,813.94		-		-	-	10,813.94
2016-04 Various Capital Improvements	25,000.00		-		-	-	25,000.00
2017-08 Various Capital Improvements	25,000.00		-		-	-	25,000.00
2017-10 Roads & Drainage Beach Drive	1,005,632.53		554,730.68		74,382.60	48,323.06	424,842.31
2018-07 Various Capital Improvements	419,349.78		50,318.74		141,725.00	37,685.75	264,991.79
2019-06 Various Capital Improvements	77,804.92		50,879.53		14,167.00	5,540.00	18,298.39
2019-16 Various Safety and Identification Improvements to Schellenger's Landing	170,857.41		3,500.12		169,882.66	2,525.37	(0.00)
2020-12 Various Capital Improvements	463,065.88		3,974.45		325.00	-	458,766.43
2020-13 Roads and Drainage Improvements	0.00		-		4,546.09	4,546.09	0.00
2020-14 Improvements to Clem Mulligan Sports Complex	180,262.71		-		180,262.71	1,015.15	1,015.15
2021-16 Various Capital Improvements	90,378.35		45,857.59		28,466.91	3,739.50	19,793.35
2021-17 Various Roadway and Drainage Improvements	182.20		73,549.13		-	89,002.69	15,635.76
2022-05 Various Capital Improvements	27,621.03		58,502.10		19,020.40	75,340.10	25,438.63
2022-06 Various Capital Improvements	784,729.67		870,261.83		61,980.00	292,818.00	145,305.84
2022-14 Various Capital Improvements	497,414.23		480,789.16		10,979.76	-	5,645.31
2023-03 Road & Drainage Improvements	1,238,696.36		1,068,759.95		597,126.66	541,391.61	114,201.36
2023-08 Various Capital Improvements	121,582.68		960,791.25		381,132.96	865,407.99	(354,933.54)
2024-03 Various Roadway and Drainage Improvements			367,235.15		207,253.75	180,000.00	(394,488.90)
2024-04 Various Capital Improvements			244,658.58		1,205,478.09	245,000.00	(1,205,136.67)
2024-07 Construction of Public Works			16,375.00		174,075.00	100,000.00	(90,450.00)
2024-08 Various General Improvements			104,774.09		28,240.84	526,296.37	393,281.44
\$	8,544,545.27	275,000.00	-	4,995,303.34	5,847,319.20	5,847,319.20	3,324,241.93

See Accompanying Auditor's Report

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

Balance December 31, 2023		\$	250,764.00
Increased by:			
Budget Appropriation	250,000.00		
3% Emergency Resolution #2024-321	25,000.00		
	<hr/>		<hr/>
			275,000.00
			<hr/>
			525,764.00
Decreased by:			
Improvement Authorizations Funded	525,000.00		
	<hr/>		<hr/>
			525,000.00
			<hr/>
Balance December 31, 2024		\$	<u>764.00</u>

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

Balance December 31, 2023		\$ 26,100,695.87
Decreased by:		
Serial Bonds Paid	3,525,000.00	
Green Trust Loan Principal Paid	116,833.70	
	<hr/>	<hr/> 3,641,833.70
Balance December 31, 2024		\$ <u><u>22,458,862.17</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2023	2024 Authorizations	Raised in 2024 Budget	Debt Issued	Cancelled	Balance Dec. 31, 2024	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
2023-08	Various Capital Improvements	1,220,000.00					1,220,000.00	354,933.54	865,066.46
2024-03	Various Roadway and Drainage Improvements		3,420,000.00				3,420,000.00	394,488.90	3,025,511.10
2024-04	Various Capital Improvements		4,625,000.00				4,625,000.00	1,205,136.67	3,419,863.33
2024-07	Construction of Public Works		1,900,000.00				1,900,000.00	90,450.00	1,809,550.00
		<u>\$ 1,220,000.00</u>	<u>9,945,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,165,000.00</u>	<u>2,045,009.11</u>	<u>9,119,990.89</u>
Improvement Authorizations Unfunded:									
Less:									
Unexpended Proceeds of Serial									
Bonds Issued:									
								<u>Ord. Number</u>	
								None	-
									<u>\$ 9,119,990.89</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, 2024	
				Balance December 31, 2023	Other Funding	Deferred Charges to Future Taxation						Funded	Unfunded
2012-10	Various Capital Improvements	5/7/2012	905,000.00	\$ 6,927.75					99.99	-		6,827.76	
2013-10	Various Capital Improvements	6/3/2013	1,139,000.00	45,000.00				6,451.54	40,246.00	6,451.54	(43,035.38)	45,000.00	
2014-10	Various Capital Improvements	9/3/2014	1,312,000.00	93,174.00					-	-		9,892.62	
2015-03	Various Capital Improvements	5/18/2015	1,645,000.00	9,813.94					-	-		9,813.94	
2016-04	Various Capital Improvements	4/18/2016	2,225,000.00	25,000.00					-	-		25,000.00	
2017-08	Various Capital Improvements	6/5/2017	1,107,350.00	25,000.00					-	-		25,000.00	
2017-10	Roads & Drainage Beach Drive	8/7/2017	3,200,000.00	1,005,632.53				48,323.06	554,730.68	74,382.60	(125,000.00)	424,842.31	
2018-07	Various Capital Improvements	5/7/2018	2,250,000.00	419,349.78				37,685.75	50,318.74	16,725.00	(6,000.00)	264,991.79	
2019-06	Various Capital Improvements	4/15/2019	1,705,000.00	77,804.92				5,540.00	50,879.53	8,167.00		18,298.39	
2019-14	Various Safety and Identification												
	Improvements to Schellenger's Landing	10/21/2019	950,000.00	170,857.41				2,525.37	3,500.12	2,399.78	(167,482.88)	(0.00)	
2020-12	Various Capital Improvements	6/15/2020	2,055,000.00	463,065.88				4,546.09	3,974.45	-	(325.00)	458,766.43	
2020-13	Roads and Drainage Improvements	6/15/2020	3,185,000.00						-	4,546.09			
2020-14	Improvements to Clem Mulligan Sports Complex												
	Various Capital Improvements	6/15/2020	1,990,000.00	180,262.71				1,015.15	-	-	(180,262.71)	1,015.15	
2021-16	Various Capital Improvements	8/2/2021	730,000.00	90,378.35				3,739.50	45,857.59	28,466.91		19,793.35	
2021-17	Roads and Drainage Improvements	8/2/2021	3,360,000.00	182.20				89,002.69	73,549.13	-		15,635.76	
2022-05	Various Capital Improvements	6/6/2022	235,630.00	27,621.03				75,340.10	58,502.10	14,830.00	(4,190.40)	25,438.63	
2022-06	Various Capital Improvements	6/6/2022	1,960,000.00	784,729.67				292,818.00	870,261.83	61,980.00		145,305.84	
2022-14	Various Capital Improvements	12/5/2022	2,700,000.00	497,414.23					480,789.16	10,979.76		5,645.31	
2023-03	Road and Drainage Improvements	2/22/2023	3,000,000.00	1,238,696.36				541,391.61	1,068,769.95	597,126.66		114,201.36	
2023-08	Various Capital Improvements	5/15/2023	3,600,000.00	121,582.68				865,407.99	960,791.25	381,132.96		0.00	865,066.46
2024-03	Various Roadway and Drainage Improvements	5/20/2024	4,870,000.00		180,000.00	3,420,000.00			367,235.15	207,253.75		-	3,025,511.10
2024-04	Various Capital Improvements	5/20/2024	2,000,000.00		245,000.00	4,625,000.00			244,658.58	1,205,478.09		-	3,419,863.33
2024-07	Construction of Public Works	7/1/2024	2,000,000.00		100,000.00	1,900,000.00			16,375.00	174,075.00		-	1,809,550.00
2024-08	Various General Improvements	7/1/2024	526,296.37						104,774.09	26,240.84	526,296.37	393,281.44	
				\$ 5,282,493.44	525,000.00	9,945,000.00		1,973,786.85	4,995,303.34	2,822,235.98	-	2,008,750.08	9,119,990.89
					Capital Improvement Fund								
					525,000.00								
					525,000.00								

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2023	Increased	Decreased	Balance Dec. 31, 2024
			Date	Outstanding December 31, 2024 Amount					
General Improvements	7/18/2015	9,900,000	7/15/2025	1,360,000.00	3.000% \$	2,680,000.00		1,320,000.00	1,360,000.00
General Improvements	8/5/2016	4,520,000	7/15/2025	490,000.00	3.000%	2,030,000.00		460,000.00	1,570,000.00
			7/15/2026	520,000.00	3.000%				
			7/15/2027	560,000.00	2.000%				
General Improvements	7/19/2018	8,490,000	7/15/2025	710,000.00	5.000%	5,780,000.00		660,000.00	5,120,000.00
			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%				
General Improvements	8/15/2019	7,450,000	7/15/2030	940,000.00	3.000%	5,670,000.00		560,000.00	5,110,000.00
			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%				
General Improvements	11/1/2023	9,535,000	8/15/2030	760,000.00	2.125%	9,535,000.00		525,000.00	9,010,000.00
			8/15/2031	760,000.00	2.250%				
			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%				
						\$ 25,695,000.00	-	3,525,000.00	22,170,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2023	Increased	Decreased	Balance Dec. 31, 2024
			Date	Amount					
Recreation Development Various	2006	800,000	2025	48,524.94	2.000% \$	120,720.76		47,568.78	73,151.98
			2026	24,627.04					
Recreation Development Various	2007	900,000	2025	53,514.90	1.000%	188,271.27		52,460.44	135,810.83
			2026	54,590.55					
			2027	27,705.35					
Bennett's Crossing	2009	300,000	2025	17,142.26	1.000%	96,703.84		16,804.48	79,899.36
			2026	17,486.82					
			2027	17,838.30					
			2028	18,196.85					
			2029	9,235.13					
						\$ 405,695.87	-	116,833.70	288,862.17

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2023	2024 Authorizations	Debt Issued	Budget Appropriation	Authorizations Cancelled	Balance Dec. 31, 2024
2023-08	Various Capital Improvements	1,220,000.00					1,220,000.00
	Various Roadway and Drainage						-
2024-03	Improvements		3,420,000.00				3,420,000.00
2024-04	Various Capital Improvements		4,625,000.00				4,625,000.00
2024-07	Construction of Public Works		1,900,000.00				1,900,000.00
		\$ 1,220,000.00	9,945,000.00	-	-	-	11,165,000.00

TOWNSHIP OF LOWER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2024

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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:

- Landscaping Services for various locations within the Township
- Diamond Beach Park Improvements
- Beach Access Paths Installation
- Resurfacing of Bay Drive (Wildwood Avenue to Mallow Drive)
- Reconstruction of Wildwood Avenue – NJDOT Funding
- Purchase of one (1) 2024 or newer Chevrolet Yukon 4WD vehicle for the Bureau of Fire Safety
- Purchase of 6010P Industrial Tub Grinder
- Resurfacing of Cresse Lane
- Resurfacing of Corson Lane – Woolson Road to the Southern End of Corson Lane
- Townbank ADA Improvement Project
- Outfit Township Owned 2024 RAM Promaster 159" Van as a Drone Command Control Mobile Unit

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 3, 2024 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 October 21, 2024 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>
2024	16
2023	26
2022	25

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 2024 and 2025 Taxes	25
Delinquent Taxes	10
Tax Title Liens	-
Total	<u>35</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>
2024 \$	76,295,275.32	75,515,696.19	98.98%
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%

Comparative Schedule of Tax Rate Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	\$ 1.961	1.931	1.871	1.812	1.783
Apportionment of Tax Rate:					
Municipal	0.618	0.618	0.596	0.595	0.584
County	0.391	0.390	0.362	0.331	0.315
Local School	0.545	0.531	0.513	0.501	0.494
Regional School	0.407	0.392	0.400	0.385	0.390
Assessed Valuation	3,735,899,522	3,726,232,663	3,700,598,909	3,674,308,701	3,655,712,129

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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Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2024 \$	65,491.23	677,589.47	743,080.70	0.97%
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%

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 16, 2025