TOWNSHIP OF LOWER ALLOWAYS CREEK
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2020

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(CONTINUED)

PART I

INDEPENDENT AUDITOR'S REPORT

PETRONI & ASSOCIATES LLC
Certified Public Accountants • Registered Municipal Accountants
P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Lower Alloways Creek
501 Locust Road
Hancocks Bridge, New Jersey 08038

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Lower Alloways Creek, as of December 31, 2020 and 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township of Lower Alloways Creek's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Lower Alloways Creek as of December 31, 2020 and 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 12 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of $122,236.76 and $109,247.49 for 2020 and 2019, respectively, were not audited, and therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2020 and 2019, 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, 2020, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lower Alloways Creek's 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.

The supplemental information listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic 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 July 27, 2021, on our consideration of the Township of Lower Alloways Creek's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lower Alloways Creek's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC

Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

July 27, 2021

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
Regular Fund			
Cash - Treasurer	A-4	$ 1,895,574.99	$ 2,541,849.75
Cash - Change Fund	A-6	350.00	350.00
Investments - Treasurer	A-7	3,000,000.00	3,000,000.00
		4,895,924.99	5,542,199.75
Deferred Charges:			
Overexpenditure of Appropriations	A-3	24,932.99	
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	31,159.50	34,522.77
Tax Title Liens Receivable	A-9	30,836.19	27,779.94
Property Acquired in Lieu of Taxes	A-10	103,430.00	103,430.00
Sewer Rents and Connection Fees Receivable	A-11	48,862.36	41,938.94
Sewer Liens Receivable	A-12	9,991.34	7,291.34
Other Charges Receivable		244.40	
Other Liens Receivable		294.40	
Due from Animal Control Trust Fund	B	1,243.83	762.23
Due from Trust Other	B	86.29	5,799.05
Revenue Accounts Receivable	A-13	82.02	1,236.86
		226,230.33	222,761.13
		5,147,088.31	5,764,960.88
Federal and State Grant Fund			
Due from Current Fund	A	208,842.69	202,816.51
		208,842.69	202,816.51
		$ 5,355,931.00	$ 5,967,777.39

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A
(Continued)

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
LIABILITIES, RESERVES, AND FUND BALANCE			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-15	$ 814,259.96	$ 723,785.56
Encumbrances Payable	A-19	1,874,440.58	1,843,437.27
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	16,757.93	16,007.93
Due State of New Jersey - DCA Fees		454.00	637.00
Prepaid Taxes	A-5	65,625.82	66,100.25
Tax Overpayments		4,268.16	3,643.12
Sewer Overpayments		1,450.00	2,185.71
Due Grant Fund	A	208,842.69	202,816.51
		2,986,099.14	2,858,613.35
Reserve for Receivables		226,230.33	222,761.13
Fund Balance	A-1	1,934,758.84	2,683,586.40
		5,147,088.31	5,764,960.88
Federal and State Grant Fund			
Encumbrances Payable			1,252.86
Reserve for Grants - Appropriated	A-17	199,012.85	177,262.91
Reserve for Grants - Unappropriated	A-18	9,829.84	24,300.74
		208,842.69	202,816.51
		$ 5,355,931.00	$ 5,967,777.39

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A-1

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND - REGULATORY BASIS

	Ref.	Year 2020	Year 2019
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	$ 1,523,401.86	$ 693,139.00
Miscellaneous Revenue Anticipated	A-2	7,825,231.35	9,860,150.20
Receipts from Delinquent Taxes	A-2	37,580.26	38,628.57
Receipts from Current Taxes	A-2	3,211,491.48	3,316,951.77
Non-Budget Revenue	A-2	136,015.52	107,092.30
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	681,131.56	629,326.41
Grant Reserves Canceled			531,722.39
Encumbrances Payable - Canceled	A-19	15,503.63	7,575.39
Total Income		13,430,355.66	15,184,586.03
Expenditures			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,392,819.00	2,441,950.00
Other Expenses	A-3	2,996,442.00	2,887,448.00
Deferred Charges and Statutory Expenditures	A-3	608,037.99	572,443.00
Budget Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages		106,981.00	
Other Expenses	A-3	37,300.74	63,069.29
Transfer to Board of Education	A-3	3,292,016.00	3,292,016.00
County Taxes	A-8	3,238,761.60	3,346,953.49
Due County for Added Taxes	A-8	8,052.60	9,665.24
Prior Year Deductions Disallowed	A-14	303.42	
Interfund loans			614.45
Grant Receivable Canceled			30,794.37
Refund Prior Year Revenue			1,077.57
Total Expenditures		12,680,714.35	12,646,031.41
Excess in Revenue		749,641.31	2,538,554.62
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	24,932.99	
Statutory Excess to Fund Balance		774,574.30	
Fund Balance			
Balance January 1	A	2,683,586.40	838,170.78
		3,458,160.70	3,376,725.40
Decreased by:			
Utilization as Anticipated Revenue	A-1	1,523,401.86	693,139.00
Balance December 31	A	$ 1,934,758.84	$ 2,683,586.40

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A-2

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 1,523,401.86	$ 1,523,401.86	
Miscellaneous Revenues:				
Fines and Costs:				
Municipal Court	A-13	13,000.00	6,584.74	$ (6,415.26)
Interest on Investments and Deposits	A-13	2,100,000.00	2,002,920.54	(97,079.46)
Police Agreement	A-13	106,981.00	106,981.00	
Trash Agreement	A-13	239,334.00	239,334.00	
Leisure Arms Rentals	A-13	130,000.00	147,218.66	17,218.66
Sewer Rents	A-13	200,000.00	190,607.66	(9,392.34)
Fuel Reimbursements	A-13			
Energy Receipts Tax	A-13	5,000,361.00	5,000,361.01	0.01
Garden State Trust Preservation - PILOT	A-13	55,287.00	35,841.00	(19,446.00)
Uniform Construction Code Fees	A-13	10,000.00	36,611.00	26,611.00
Senior Citizen Lunch Program	A-13	28,000.00	34,471.00	6,471.00
Clean Communities	A-16	9,232.43	9,232.43	
Recycling Tonnage Grant	A-16	13,567.32	13,567.32	
Body Armor Grant	A-16	1,500.99	1,500.99	
Total Miscellaneous Revenues		7,907,263.74	7,825,231.35	(82,032.39)
Receipts from Delinquent Taxes	A-2	20,000.00	37,580.26	17,580.26
Budget Totals		9,450,665.60	9,386,213.47	(64,452.13)
Non-Budget Revenues:				
From "Allocation of Current Tax Collections"	A-2		6,679.14	
Other Non-Budget Revenue	A-2		136,015.52	
		$ 9,450,665.60	$ 9,528,908.13	
	Ref.	A-3		

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A-2
(Continued)

STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized Revenue

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-8	$ 3,211,491.48
Allocated to:		
County Taxes	A-8	3,246,814.20
Deficiency Supported by Municipal Revenue		(35,322.72)
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	42,001.86
Amount Added to Non-Budget Revenue	A-2	$ 6,679.14
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-8	$ 35,163.30
Tax Title Liens	A-9	2,416.96
	A-2	$ 37,580.26

Analysis of Non-Budget Revenue

	Ref.	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-13	$ 12,631.86
Interest and Costs on Taxes/Sewer	A-13	12,105.45
Bulk Stickers	A-13	3,424.00
Clerk Licenses	A-13	4,294.25
Planning & Zoning Fees	A-13	2,600.00
Recycling	A-13	10,980.54
Mobile Home Fees	A-13	2,214.00
Court Agreement	A-13	1,547.00
Zoning Housing Fee	A-13	1,160.00
Boat Passes	A-13	7,580.00
Fuel Reimbursement	A-13	8,984.58
Miscellaneous	A-13	68,493.84
	A-2	$ 136,015.52

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Overexpended
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Purchasing Department						
Salaries & Wages	$ 41,400.00	$ 41,400.00	$ 41,349.00		$ 51.00	
Postage	2,500.00	2,500.00	2,008.00		492.00	
Other Expenses	3,500.00	3,500.00	3,136.76	$ 49.99	313.25	
Mayor and Township Committee						
Salaries & Wages	40,500.00	40,500.00	39,680.00		820.00	
Other Expenses	3,000.00	3,000.00	390.00		2,610.00	
Township Clerk						
Salaries & Wages	81,350.00	81,350.00	81,283.03		66.97	
Printing and Legal Advertising	2,000.00	2,000.00	1,102.58		897.42	
Other Expenses	18,100.00	18,100.00	11,693.16	2,475.16	3,931.68	
Financial Administration						
Salaries & Wages	41,400.00	41,400.00	41,394.00		6.00	
Other Expenses	45,100.00	45,100.00	36,026.52	450.00	8,623.48	
Audit Services						
Other Expenses	21,000.00	21,000.00	21,000.00			
Revenue Administration (Tax Collection)						
Salaries & Wages	22,600.00	22,600.00	22,579.00		21.00	
Other Expenses	7,800.00	7,800.00	6,828.10		971.90	
Tax Assessment Administration						
Salaries & Wages	19,150.00	19,150.00	19,101.03		48.97	
Other Expenses	2,000.00	2,000.00	444.70	585.60	969.70	
Legal Services & Costs						
Other Expenses	15,000.00	15,000.00	8,644.20	645.00	5,710.80	
Engineering Services & Costs						
Other Expenses	2,100.00	4,100.00	2,259.20		1,840.80	

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Overexpended
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	28,000.00	28,000.00	22,966.38		5,033.62	
Other Expenses	2,800.00	2,800.00	680.79	111.00	2,008.21	
Public Defender						
Other Expenses	1,000.00	1,000.00	300.00		700.00	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	5,300.00	5,300.00	5,290.01		9.99	
Other Expenses	1,400.00	1,400.00	585.05	370.00	444.95	
Zoning Board of Adjustment						
Salaries & Wages	5,100.00	5,100.00	5,064.00		36.00	
INSURANCE						
Self-Insurance Program	48,000.00	48,000.00	12,614.00		35,386.00	
Worker's Compensation Insurance	113,616.00	113,616.00	113,616.00			
Group Plans for Employees	1,590,000.00	1,543,300.00	1,101,631.39	2,665.20	439,003.41	
Surety Bond Premiums	3,000.00	3,000.00	3,000.00			
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries & Wages	1,268,019.00	1,268,019.00	1,231,874.17		36,144.83	
Other Expenses	104,000.00	104,000.00	26,002.65	68,207.78	9,789.57	
Police Radio and Communications						
Other Expenses	16,302.00	39,802.00	39,795.30		6.70	
Office of Emergency Management						
Salaries & Wages	9,000.00	9,000.00	8,916.98		83.02	
Other Expenses	3,000.00	3,000.00	953.44	201.90	1,844.66	
Fire						
Other Expenses	25,000.00	25,000.00	21,617.82	3,158.67	223.51	
Fire Inspection						
Salaries & Wages	2,300.00	2,300.00	2,142.00		158.00	
Rescue						
Other Expenses	19,300.00	19,300.00	9,539.79		9,760.21	
Municipal Prosecutor						
Other Expenses	10,000.00	10,000.00	8,231.10	872.50	896.40	

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Overexpended
PUBLIC WORKS FUNCTIONS						
Supervision of Public Works						
Salaries & Wages	85,500.00	85,500.00	85,312.00		188.00	
Other Expenses	2,000.00	2,000.00	1,816.79		183.21	
Road Repairs & Maintenance						
Salaries & Wages	560,000.00	550,000.00	544,582.68		5,417.32	
Other Expenses						
Miscellaneous Other Expenses	41,000.00	51,000.00	20,967.71	27,208.15	2,824.14	
Municipal Garage	112,000.00	112,000.00	87,999.59	12,344.64	11,655.77	
Solid Waste Collection						
Salaries & Wages	105,000.00	107,000.00	90,172.04		16,827.96	
Other Expenses	60,000.00	35,000.00	20,447.07	1,813.36	12,739.57	
Public Buildings & Grounds						
Other Expenses	77,000.00	77,000.00	60,156.67	5,181.64	11,661.69	
Mosquito Control						
Other Expenses	5,000.00	5,000.00			5,000.00	
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health)						
Other Expenses	1,000.00	1,000.00			1,000.00	
Dog Regulation						
Other Expenses	15,000.00	15,000.00	3,996.00	2,115.00	8,889.00	
Tidelands License and Lease Fee						
Other Expenses	6,500.00	6,500.00	6,524.00			$ 24.00
PARK AND RECREATION FUNCTIONS						
Farmland Preservation Program	6,000.00	6,000.00			6,000.00	
Parks & Playgrounds						
Other Expenses	3,000.00	3,000.00	983.30		2,016.70	
Historical Sites						
Other Expenses	4,000.00	4,000.00	993.47	1,990.73	1,015.80	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Overexpended
OTHER COMMON OPERATING FUNCTIONS						
Housing Program						
Other Expenses	23,000.00	23,000.00	15,857.71	3,566.14	3,576.15	
Senior Citizen Lunch Program						
Salaries & Wages	51,000.00	54,000.00	52,974.67		1,025.33	
Other Expenses	36,500.00	43,500.00	35,953.02	2,445.61	5,101.37	
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	4,000.00	4,000.00			4,000.00	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	94,000.00	94,000.00	71,176.12	125.32	22,698.56	
Street Lighting	38,000.00	44,000.00	39,162.01		4,837.99	
Telephone	42,000.00	45,000.00	38,002.72	2,134.66	4,862.62	
Heating Oil	36,000.00	36,000.00	24,279.01	2,254.91	9,466.08	
Sewer System						
Salaries & Wages	4,500.00	4,500.00	4,438.00		62.00	
Other Expenses	144,500.00	144,500.00	112,371.21	27,488.43	4,640.36	
Gasoline	115,000.00	115,000.00	55,123.20	6,434.88	53,441.92	
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Solid Waste Disposal Costs	63,000.00	88,000.00	72,947.75	6,542.31	8,509.94	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
State Uniform Construction Code						
Construction Official						
Salaries & Wages	18,000.00	18,000.00	17,444.00		556.00	
Other Expenses	1,600.00	1,600.00	226.99		1,373.01	
Plumbing Inspection						
Salaries & Wages	2,500.00	2,500.00	2,448.00		52.00	
Electrical Sub Code Official						
Salaries & Wages	7,000.00	7,200.00	6,834.00		366.00	
Total Operations Within "CAPS"	5,387,237.00	5,387,237.00	4,426,929.88	181,438.58	778,892.54	24.00
Contingent	2,000.00	2,000.00			2,000.00	
Total Operations Including Contingent	5,389,237.00	5,389,237.00	4,426,929.88	181,438.58	780,892.54	24.00
Detail:						
Salaries & Wages	2,397,619.00	2,392,819.00	2,325,844.99		66,974.01	
Other Expenses	2,991,618.00	2,996,418.00	2,101,084.89	181,438.58	713,918.53	24.00

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Overexpended
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Contribution to:						
Public Employees' Retirement System	112,728.00	112,728.00	112,728.00			
Social Security System (OASI)	190,000.00	190,000.00	174,362.79		15,637.21	
Unemployment Insurance	9,000.00	9,000.00	7,248.27		1,751.73	
Police and Firemen's Retirement System of NJ	271,401.00	271,401.00	296,309.99			24,908.99
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	583,129.00	583,129.00	590,649.05		17,388.94	24,908.99
Total General Appropriations for Municipal Purposes Within "CAPS"	5,972,366.00	5,972,366.00	5,017,578.93	181,438.58	798,281.48	24,932.99
LANDFILL AND SOLID WASTE DISPOSAL COSTS						
Recycling Tax						
Other Expenses	5,000.00	5,000.00			5,000.00	
PUBLIC SAFETY FUNCTIONS						
Length of Service Awards Program (P.L. 1997, c.388)	8,000.00	8,000.00			8,000.00	
SHARED SERVICE AGREEMENTS						
Elsinboro Township - Police Services	106,981.00	106,981.00	104,002.52		2,978.48	
Total Other Operations - Excluded from "CAPS"	119,981.00	119,981.00	104,002.52		15,978.48	
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES						
Recycling Tonnage Grant	13,567.32	13,567.32	13,567.32			
Body Armor Replacement Grant	1,500.99	1,500.99	1,500.99			
Clean Communities Program	9,232.43	9,232.43	9,232.43			
Total Public and Private Programs Offset by Revenues - Excluded from "CAPS"	24,300.74	24,300.74	24,300.74			
Total Operations Excluded from "CAPS"	144,281.74	144,281.74	128,303.26		15,978.48	

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Overexpended
Detail:						
Salaries and Wages	106,981.00	106,981.00	104,002.52		2,978.48	
Other Expenses	37,300.74	37,300.74	24,300.74		13,000.00	
Transferred to Board of Education for Use of Local Schools (NJSA 40:46-17.1 & 17.3)	3,292,016.00	3,292,016.00	1,646,216.00	1,645,800.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,436,297.74	3,436,297.74	1,774,519.26	1,645,800.00	15,978.48	
Subtotal General Appropriations	9,408,663.74	9,408,663.74	6,792,098.19	1,827,238.58	814,259.96	24,932.99
RESERVE FOR UNCOLLECTED TAXES	42,001.86	42,001.86	42,001.86			
TOTAL GENERAL APPROPRIATIONS	$ 9,450,665.60	$ 9,450,665.60	$ 6,834,100.05	$ 1,827,238.58	$ 814,259.96	$ 24,932.99
Ref.	A-2	A-3		A-19	A	A

	Ref.	
Reserve for Federal and State Grants	A-17	$ 24,300.74
Reserve for Uncollected Taxes	A-2	42,001.86
Disbursed	A-4	6,767,797.45
		$ 6,834,100.05

The accompanying notes to the financial statements are an integral part of this statement.

TRUST FUND

EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2020	Balance Dec. 31, 2019
ASSETS			
Animal Control Trust Fund			
Cash - Treasurer	B-1	$ 6,048.63	$ 4,598.23
LOSAP (Unaudited)			
Investments		122,236.76	109,247.49
Trust Other Funds			
Cash - Treasurer	B-1	10,442,939.51	11,208,620.55
Investments	B-2	10,996,226.94	10,235,611.48
		21,439,166.45	21,444,232.03
		$ 21,567,451.84	$ 21,558,077.75
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund			
Due to Current Fund	A	$ 1,243.83	$ 762.23
Due State			132.00
Reserve for Animal Control Fund Expenditures	B-3	4,804.80	3,704.00
		6,048.63	4,598.23
LOSAP (Unaudited)			
Reserve for LOSAP Benefits		122,236.76	109,247.49
Trust Other Funds			
Due to Current Fund	A	86.29	5,799.05
Encumbrances Payable	B-4	3,374.87	
Reserve for Escrow	B-4	4,104.45	4,036.63
Reserve for Self-Insurance Fund	B-4	21,336,563.26	21,362,495.68
Reserve for Tax Sale Redemption			2,200.00
Reserve for Tax Sale Redemption			204.97
Reserve for Municipal Drug Alliance Funds	B-4	8,016.63	8,587.46
Reserve for Uniform Fire Safety	B-4	21,278.35	21,024.62
Reserve for Leisure Arms	B-4	7,737.82	7,797.91
Reserve for Public Defender Fees	B-4	3,036.85	867.65
Reserve for Accumulated Absences	B-4	26,555.49	26,326.87
Reserve for Planning Board Escrow	B-4	28,412.44	4,891.19
		21,439,166.45	21,444,232.03
		$ 21,567,451.84	$ 21,558,077.75

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

EXHIBIT D

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2020	Balance Dec. 31, 2019
Land	$ 771,565.36	$ 771,565.36
Buildings and Improvements	2,125,504.00	2,125,504.00
Equipment	6,177,071.19	5,470,810.08
	$ 9,074,140.55	$ 8,367,879.44
Investment in General Fixed Assets	$ 9,074,140.55	$ 8,367,879.44

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
(Regulatory Basis)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Lower Alloways Creek included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Lower Alloways Creek, as required by NJSA 40A:5-5.

The Township of Lower Alloways Creek was incorporated in 1798 and is located in Salem County, New Jersey. The Township of Lower Alloways Creek is primarily a rural area 45 square miles in size and the population according to the 2010 census is 1,770.

The form of government is known as a Township pursuant to NJSA 40A:63-1 et seq. The government consists of five (5) Committee Members who are elected at large to three (3) year staggered terms. The Mayor is elected from and by the Members of the Committee and serves a one (1) year term. Under the statutes, the Mayor is the head of the government and has executive powers not assigned to the Mayor.

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 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 the taxes. The Township has no component units.

B. Description of Funds and Account Groups

The accounting policies of the Township of Lower Alloways Creek 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 Alloways Creek accounts for its transactions through the following separate funds which differs from the funds required by GAAP.

Current Fund - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

Trust Fund - 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 capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Payroll/Payroll Agency Account - Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

General Fixed Assets - To account for fixed assets used in governmental 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 differs in certain respects from generally accepted accounting principles applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

Revenues - are recorded when 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 and sewer rents are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned, net of allowances for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and 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 and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be 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. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. 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. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq. The municipality is responsible for remitting 100% of the county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is 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. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

Interest on Delinquent Taxes - It is the policy of the Township 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.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Lower Alloways Creek School District, if any is required. For 2019 and prior years, the governing body has chosen to appropriate sufficient funds in the municipal budget for transfers to the Board of Education to eliminate the need for a local school tax.

Cash - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gains or losses on investments have not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America inter-funds are not reserved.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

General Fixed Assets - In accordance with NJAC 5:30-5.6 accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed assets accounting and reporting system.

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

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

All fixed assets are recorded 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. The Township capitalizes fixed assets with an original cost in excess of $5,000.00.

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

No depreciation has been provided for in the financial statements.

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

General Long-Term Debt - General Long-Term Debt is accounted for in the General Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Adopted

Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement, originally effective for period's beginning after June 15, 2018, was postponed until June 15, 2019. This Statement did not have any significant impact on the financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This Statement, originally effective for periods beginning after June 15, 2018, was postponed until June 15, 2019. This Statement did not have any significant impact on the financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61." This Statement, originally effective for periods beginning after December 15, 2018, was postponed until December 15, 2019. This Statement did not have any significant impact on the financial reporting.

F. Recent Effective Accounting Pronouncements Postponed by Statement No. 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and supersession of GASB Statement No. 32." The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component. This Statement is effective for periods beginning after June 15, 2021. Management does not expect this Statement will have a significant impact on the financial statements.

NOTE 2: BUDGETARY INFORMATION

The Township must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of $42,001.86 and $42,000.00, respectively. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare 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. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. There were no budget amendments during the year.

NOTE 3: CASH AND CASH EQUIVALENTS

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 able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statues NJSA 40A:5-15.1(a) that are treated as cash equivalents.

At December 31, 2020 and 2019, the carrying amount of the Township's deposits were $28,835,795.61 and $21,169,154.63, respectively. As of December 31, 2020 and 2019, $0 of the municipality's bank balance of $26,049,432.45 and $24,035,451.30, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

Custodial Credit Risk - Investments
Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are considered to be exposed to Custodial Credit Risk if they are: uninsured, are not registered in the name of the Township, and are held by either the counterparty or the counterparty's trust department or agent but not in the government's name. None of the Township's $34,050,615.31 investments in Government Bonds are held by the counterparty.

NOTE 4: INVESTMENTS (CONTINUED)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

Credit Risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statues to limit the exposure of governmental units to credit risk.

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

As of December 31, 2020, the Township had the following investments and maturities:

Investment	Maturities	Amortized Cost	Fair Value
U.S. TSY Inflation Index	1/15/2021	$ 8,000,000.00	$ 9,524,820.55
U.S. Treasury Bonds	2/15/2042	5,002,842.73	7,330,614.50
NJ State Turnpike	1/1/2040	7,051,545.64	8,385,000.00
Port Authority of NY & NJ	10/1/2062	3,000,000.00	3,991,020.00
NJEDA St Pension	2/15/2029	1,984,579.31	2,577,820.00
NJEDA St Pension	2/15/2029	2,982,763.80	3,866,730.00
NJEDA St Pension	2/15/2029	1,270,331.00	1,622,737.69
NJ State Transportation Trust Fund	12/15/2030	299,770.00	309,305.00
NJ State Transportation Trust Fund	12/15/2030	300,544.31	310,582.50
NJ State Transportation Trust Fund	12/15/2030	302,461.18	311,510.00
NJ State Transportation Trust Fund	12/15/2030	303,655.47	312,655.00
NJ State Transportation Trust Fund	12/15/2030	306,228.67	315,095.00
NJ State Transportation Trust Fund	12/15/2030	2,469,229.85	2,496,330.00
NJ State Transportation Trust Fund	12/15/2030	494,616.00	503,244.00
NJ State Transportation Trust Fund	12/15/2030	282,047.37	286,627.50
		$ 34,050,615.33	$ 42,144,091.74

Unaudited Investments:
As more fully described in Note 12, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Township. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln National Life Insurance Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the accounts on December 31, 2020 and 2019, amounted to $122,236.76 and $109,247.49, respectively. The information on 5% or more invested with Variable Annual Life Insurance Company is not yet available.

NOTE 5: RISK MANAGEMENT

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Employee health and accident insurance and public official bonds are provided through commercial insurance.

The Township has adopted a plan of self-insurance for general liability coverage. Plan reserves are charged for premium costs for commercial liability coverage as well as funding policy deductibles. In addition, the Township has elected to self-insure all equipment with a value less than $25,000.00. The balance in the self-insurance fund at December 31, 2020 and 2019, was $21,336,563.26 and $21,362,495.68, respectively. The Township maintains excess liability insurance for buildings and content with a $5,000.00 deductible and $1,000,000.00 excess liability insurance for automobiles with a $1,000.00 deductible.

NOTE 6: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year
	2020	$ 1,934,758.84	$ 1,491,367.49
	2019	2,683,586.40	1,523,401.86
Current Fund	2018	838,170.78	693,139.00
	2017	534,926.89	525,000.00
	2016	798,434.53	764,446.00

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2020.

	Due From	Due To
Current Fund		
Animal Control Trust	$ 1,243.83	
Trust Other	86.29	
Federal and State Grant Fund		$ 208,842.69
Federal and State Grant Fund		
Current Fund	208,842.69	
Animal Control Trust Fund		
Current Fund		1,243.83
Trust Other		
Current Fund		86.29
	$ 210,172.81	$ 210,172.81

Interfunds were created due to interest on trust funds and no separate bank account for grants.

NOTE 8: ACCUMULATED ABSENCE BENEFITS

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. The liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Township and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Township and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Employees of the Township are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. Employees are represented by labor unions and each contract contains different provisions for employee-compensated absences. The total value of compensated absences owed to employees as of December 31, 2020 and 2019, was $90,808.47 and $70,963.25, respectively.

NOTE 9: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

NOTE 10: ECONOMIC DEPENDENCY

The Township of Lower Alloways Creek is not economically dependent on any one business or industry within the Township.

NOTE 11: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2020:

	Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Land	$ 771,565.36			$ 771,565.36
Buildings and Improvements	2,125,504.00			2,125,504.00
Equipment	5,470,810.08	$ 783,508.11	$ 77,247.00	6,177,071.19
	$ 8,367,879.44	$ 783,508.11	$ 77,247.00	$ 9,074,140.55

NOTE 12: LENGTH OF SERVICE AWARD PROGRAM

The Township's Length of Service Awards Program (LOSAP) was created by a Township Ordinance which was adopted on August 19, 2008, in accordance with Chapter 388 of the Laws of 1997. This plan is made available to all bona fide eligible volunteers who are performing qualified services, which are defined as firefighting services, pursuant to section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP, as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law of 1997, Chapter 388 and the LOSAP document. The balance is subject to the general creditors of the Township. The Township's budget appropriation for 2020 and 2019 are $8,000.00 and $8,000.00, respectively.

NOTE 13: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the current and previous year:

	Balance Dec. 31, 2020	Balance Dec. 31, 2019
Prepaid Taxes - Cash Liability	$ 65,625.82	$ 66,100.25

NOTE 14: LONG-TERM DEBT

Summary of Municipal Debt Service
During the calendar year 2020, there was no municipal debt incurred by the Township.

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%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	None	None	None
General Debt	None	None	None
	None	None	None

Net Debt $0/Equalized Valuation Basis per NJSA 40A:2-2 as amended $273,098,050.00 = **0%.**

Borrowing Power Under NJSA 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis (Municipal)	$ 9,558,431.75
Net Debt	None
Remaining Borrowing Power	$ 9,558,431.75

NOTE 15: OPERATING LEASE

The Township entered into a lease agreement for two copiers. The lease term is for 5 years from July 1, 2019 through June 30, 2024. Payments are $245.00 per month. The following is a schedule of the projected lease payments:

Year	Amount
2021	2,940.00
2022	2,940.00
2023	2,940.00
2024	1,470.00
	$ 10,290.00

NOTE 16: JOINT VENTURES

On September 23, 1983, The Township of Lower Alloways Creek entered into a joint venture agreement with Elsinboro Township to establish the Municipal Court of Lower Alloways Creek and Elsinboro Townships effective December 27, 1983.

All fines, costs, fees, penalties, and forfeitures, including forfeitures of bail, imposed by the Intermunicipal Court, which are distributable to local municipalities, shall be paid over and forwarded to the Municipal Treasury of Lower Alloways Creek regardless of the nature of the offense or where the offense was committed. If by law, rule or regulation, any such fines, costs, fees, penalties or forfeitures are required to be paid to the Township of Elsinboro, The Township of Elsinboro shall, after receipt of same, pay to the Township of Lower Alloways Creek an equal sum of money to that so received, within 2 weeks of such receipt by the Township of Elsinboro.

NOTE 17: PENSION FUNDS

Description of Plans - All eligible employees of the Township are covered by either the Public Employees' Retirement System (PERS) or Police and Firemen's Retirement System (PFRS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension 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 retirement systems. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/financial-reports.shtml.

NOTE 17: PENSION FUNDS (CONTINUED)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System was established in July 1944, under the provisions of NJSA 43:16A, to provide coverage to substantially all full-time county or municipal police and fire-fighters and state fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions of law enforcement or firefighting in the State of New Jersey.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 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. The PERS provide for employee contributions of 7.50% of employees' annual compensation. The PFRS provides for employee contributions of 10% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS rates in effect for 2020 are 13.69% and 29.80%, respectively, of covered payroll, as reported on June 30, 2019. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township's contributions to the PERS for the years ending December 31, 2020, 2019, and 2018, were $112,728.00, $123,824.00, and $130,404.00, respectively, equal to the required contributions for each year. The Township's contributions to the PFRS for the years ending December 31, 2020, 2019, and 2018, were $271,401.00, $268,601.00, and $261,619.00, respectively, equal to the required contributions for each year.

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) and the Police and Firemen's Retirement System (PFRS) operate 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 ¼ 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.

NOTE 17: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of the PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of the PERS to 1/60th from 1/55th, and it provided that new members of the 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 the 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 the 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 at 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 (DCRP).

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 18: POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description - The Township's defined benefit postemployment healthcare plan allows retiring police officers who completed 20 years of public employment with the Township and retiring employees who completed 25 years of public employment (at least 20 years of service with the Township) to receive fully paid health, dental, and prescription benefits for themselves and dependents. Additionally, employees of the Township are eligible for benefits upon retirement provided they have completed 15 years of public employment and are at least age 62.

The Township also provides life insurance. Police officers receive $15,000.00 of life insurance and other employees receive $10,000.00 of life insurance until the age of 65 when the life insurance decreases 20% each year to a minimum of $2,000.00.

The benefit provisions of the plan may be established or amended by the Township Committee. The plan does not issue a separate financial report.

Funding Policy - The contribution requirements of the Township healthcare plan are established by negotiated labor contracts and the Township employee manual. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2020, the Township contributed $1,104,296.59 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

Actuarial Methods

Assumptions for Valuation - Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females as appropriate. The discount rate used to determine the liabilities under GASB 75, based upon the S&P Municipal Bond 20 Year High Grade Rate Index, consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years as of December 31, 2019. This rate was 2.49% as of December 31, 2019.

Annual Service Cost - The actuarial accrued liability was amortized over average service years of the active and inactive employees pursuant to the GASB 75 regulations.

Actuarial Funding Method - The entry age normal cost method was used in establishing the annual service contribution and actuarial accrued liability for the participants.

Benefit Obligations

At December 31, 2019, the actuarial accrued liability of benefit obligations for other postemployment benefits were estimated to be:

For Covered Retired Employees	$ 12,163,619
For Active or Terminated Vested Participants	1,545,209
For Other Active Participants	7,018,358
Total	20,727,186
Assets	0
Unfunded Actuarial Accrued Liability	$ 20,727,186

NOTE 18: POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Annual Service Cost

At December 31, 2019, the *Annual Required Contribution of the Employer (ARC)*, for other postemployment benefits was estimated to be:

Normal Cost for OPEB $ 435,365

Details of Change in Benefit Obligations

Details of change in actuarial present value of benefit obligations from December 31, 2018 to December 31, 2019:

Actuarial Present Value of Benefit Obligations on December 31, 2018	$	18,061,878
Increase Due to Service Cost (Beginning of Year)		320,373
Increase Due to Interest on Total OPEB Liability		440,086
Decrease Due to Benefits Paid		(775,483)
Difference Between Actual and Expected		-
Change Due to Change in Assumptions		2,680,332
Actuarial Present Value of Benefit Obligations on December 31, 2019	$	20,727,186

Amortization of Deferred Outflows/Inflows

Type	Years of Amortization	Original Amount	Annual Payment	Balance
Assumption Change	4	$ 2,680,332	$ 670,083	$ 2,010,249

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense as follows:

Year Ended December 31,	Amount
2020	$ (670,083)
2021	(670,083)
2022	(670,083)
	$ (2,010,249)

Sensitivity of the total net OPEB liability to changes in the discount rate. The following presents what the total net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

NOTE 18: POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Details of Change in Benefit Obligations (Continued)

	1% Decrease	1% Increase
Net OPEB Liability	$ 24,002,649	$ 18,082,812

Sensitivity of the total net OPEB liability to changes in the healthcare cost trend rates. The following presents what the total net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	1% Increase
Net OPEB Liability	$ 24,234,640	$ 17,916,165

Funded Status and Funding Progress - As of December 31, 2019, the Township is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS and PFRS retirement systems.

Public Employee's Retirement System - At December 31, 2020, the Township's proportionate share of net pension liability was $2,076,485. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2020 and 2019, the Township's allocation percentage was .0127334024% and .0115782225%, respectively.

For the year ended December 31, 2020, the Township's pension expense would have been ($286,105) if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to the PERS are from the following sources:

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Public Employee's Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		$ 819,663
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ 41,245	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	153,966	
Difference Between Expected and Actual Experience		25,966
	$ 195,211	$ 845,629

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2021	$ (315,017)
2022	(250,966)
2023	(110,976)
2024	25,030
2025	1,511
	$ (650,418)

Additional information – Collective balances at June 30, 2020 and 2019, are as follows:

	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	$ 2,347,583,337	$ 3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability	16,307,384,832	18,018,482,972
Township's Proportion	0.0127334024%	0.0115782225%

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Contributions - The contribution policy for the PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Township's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions
The total pension liability for the June 30, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
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 disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: http://www.state.nj.us/treasury/pensions/gasb-notices.shtml.

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Police and Firemen's Retirement System - At December 31, 2020, the Township's proportionate share of net pension liability was $3,912,629. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2020 and 2019, the Township's proportion was 0.0302804176% and 0.0268684440% respectively.

For the year ended December 31, 2020, the Township's pension expense would have been ($92,499) if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		$ 920,759
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ 137,125	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	317,991	
Difference Between Expected and Actual Experience	30,492	
	$ 485,608	$ 920,759

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2021	$ (318,689)
2022	(184,620)
2023	(67,432)
2024	65,638
2025	69,952
	$ (435,151)

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Police and Firemen's Retirement System (Continued)
Additional information – Collective balances at June 30, 2020 and 2019, are as follows:

	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	$ 1,601,195,680	$ 1,198,936,924
Collective Deferred Inflows of Resources	4,191,274,402	4,874,748,912
Collective Net Pension Liability	12,921,318,904	12,237,818,793
Township's Proportion	0.0302804176%	0.0268684440%

Contributions
The contribution policy for the PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The Township's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions
The total pension liability for the June 30, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25
Salary Increases:	
Through all Future Years	3.25 – 15.25% Based on Years of Service
Investment Rate of Return	7.00%

Pre-retirement 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, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)
Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: http://www.state.nj.us/treasury/pensions/gasb-notices.shtml.

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, 2020 and June 30, 2019, special funding situation net pension liability amounts of $607,222 and $519,199 are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

NOTE 20: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net other postemployment benefit (OPEB) liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 75 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 75 for the PFRS retirement systems.

Special Funding Situation
A special funding situation exists for some local employers of the Police and Firefighters Retirement System who do not pay for health benefits coverage for their retired employees. Under Chapter 330, P.L. 1997, certain retired local police officers and firefighters are eligible for enrollment in the State Health Benefits Program with part of the cost paid by the State. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The State is treated as a nonemployer contributing entity. Since the local participating employer does 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. At June 30, 2019, the Township's proportion was .040252%. At June 30, 2019, the Township's proportionate share of the State's collective net OPEB liability was $2,224,212.

NOTE 21: LABOR CONTRACTS

Township employees are covered by two labor contracts:

The Communications Workers of America, AFL-CIO effective for the period January 1, 2020 – December 31, 2024.

Lower Alloways Creek Police Officers' Association effective for the period January 1, 2020 – December 31, 2024.

NOTE 22: COMMITMENTS AND CONTINGENCIES

The Township participates in federal and state assisted grant programs. The Township is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the Township of Lower Alloways Creek Counsel's opinion there exists no litigation or contingent liability that may be pending against the Township of Lower Alloways Creek that would have an adverse effect on the financial position in the future.

NOTE 23: SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and July 27, 2021, the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the collection of certain anticipated revenues, such as licenses, fees and permits, and municipal court fees. Other financial impact could occur though such potential impact is unknown at this time.

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68 & GASB 71)

EXHIBIT E-1

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
Last Seven Fiscal Years

	Year Ended						
	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0127334024%	0.0115782225%	0.0124359000%	0.0140320546%	0.0135112483%	0.0142520027%	0.0139774401%
Township's Proportionate Share of the Net Pension Liability (Asset)	$ 2,076,485	$ 2,086,220	$ 2,448,567	$ 3,266,438	$ 4,001,644	$ 3,199,289	$ 2,616,959
Township's Covered-Employee Payroll	931,279	857,950	836,683	946,468	958,499	978,273	994,925
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	222.97%	243.16%	292.65%	345.12%	417.49%	327.03%	263.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.59%	48.10%	40.14%	47.92%	52.08%
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

EXHIBIT E-2

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS
Last Seven Fiscal Years

	Year Ended 12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	$ 139,297	$ 112,622	$ 123,697	$ 129,992	$ 120,032	$ 122,529	$ 115,228
Contributions in Relation to the Contractually Required Contribution	139,297	112,622	123,697	129,992	120,032	122,529	115,228
Contribution Deficiency (Excess)	None	None	None	None	None	None	None
Township's Covered-Employee Payroll	$ 931,279	$ 857,950	$ 836,683	$ 946,468	$ 958,499	$ 978,273	$ 994,925
Contributions as a Percentage of Covered-Employee Payroll	14.96%	13.13%	14.78%	13.73%	12.52%	12.53%	11.58%
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

EXHIBIT E-3

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Last Seven Fiscal Years

	Year Ended						
	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0302804176%	0.0268684440%	0.0274742221%	0.0295608524%	0.0259225411%	0.0271584881%	0.0267677750%
Township's Proportionate Share of the Net Pension Liability (Asset)	$ 3,912,629	$ 3,288,111	$ 3,717,715	$ 4,563,624	$ 4,951,868	$ 4,523,657	$ 3,367,138
Township's Covered-Employee Payroll	1,075,792	983,910	833,277	962,603	928,906	810,564	833,324
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	363.70%	334.19%	446.16%	474.09%	533.09%	558.09%	404.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	64.99%	62.47%	58.60%	52.01%	56.30%	62.41%
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

EXHIBIT E-4

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PFRS
Last Seven Fiscal Years

	Year Ended						
	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	$ 338,284	$ 271,401	$ 268,601	$ 261,619	$ 211,357	$ 220,758	$ 205,595
Contributions in Relation to the Contractually Required Contribution	338,284	271,401	268,601	261,619	211,357	220,758	205,595
Contribution Deficiency (Excess)	None	None	None	None	None	None	None
Township's Covered-Employee Payroll	$ 1,075,792	$ 983,910	$ 833,277	$ 962,603	$ 928,906	$ 810,564	$ 833,324
Contributions as a Percentage of Covered-Employee Payroll	31.45%	27.58%	32.23%	27.18%	22.75%	27.24%	24.67%
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

EXHIBIT E-5

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PFRS
Special Funding Situation
Last Seven Fiscal Years

	Year Ended						
	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0302804176%	0.0268684440%	0.0274742221%	0.0295608524%	0.0259225411%	0.0271584881%	0.0267677750%
Township's Proportionate Share of the Net Pension Liability (Asset)	$ 607,222	$ 519,199	$ 504,990	$ 511,164	$ 415,834	$ 396,710	$ 362,584
Township's Covered-Employee Payroll	1,075,792	983,910	833,277	962,603	928,906	810,564	833,324
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	56.44%	52.77%	60.60%	53.10%	44.77%	48.94%	43.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	64.99%	62.47%	58.60%	52.01%	56.30%	62.41%
Measurement Date	**6/30/2020**	**6/30/2019**	**6/30/2018**	**6/30/2017**	**6/30/2016**	**6/30/2015**	**6/30/2014**

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the Township.

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of 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.

EXHIBIT E-6

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PFRS
Special Funding Situation
Last Seven Fiscal Years

	Year Ended						
	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	$ 46,725	$ 34,983	$ 29,908	$ 25,560	$ 15,934	$ 20,651	$ 15,056
Contributions in Relation to the Contractually Required Contribution	46,725	34,983	29,908	25,560	15,934	20,651	15,056
Contribution Deficiency (Excess)	None	None	None	None	None	None	None
Township's Covered-Employee Payroll	$ 1,075,792	$ 983,910	$ 833,277	$ 962,603	$ 928,906	$ 810,564	$ 833,324
Contributions as a Percentage of Covered-Employee Payroll	4.34%	3.56%	3.59%	2.66%	1.72%	2.55%	1.81%
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTARY INFORMATION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

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

Independent Auditor's Report

Honorable Mayor and Members
of the Township Committee
Township of Lower Alloways Creek
501 Locust Road
Hancocks Bridge, New Jersey 08038

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, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis of the Township of Lower Alloways Creek, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township of Lower Alloways Creek's basic financial statements, and have issued our report thereon dated July 27, 2021, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the LOSAP financial statements as part of the audit of the Township of Lower Alloways Creek's financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Lower Alloways Creek's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Lower Alloways Creek's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Lower Alloways Creek'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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Recommendations that we consider to be a significant deficiency as item 2020-001.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Recommendations as item 2020-001, 2020-002, and 2020-003.

Township's Response to Finding

The Township's response to the finding identified in our audit in the accompanying Schedule of Findings and Recommendations will be addressed in their corrective action plan.

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.

PETRONI & ASSOCIATES LLC

Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

July 27, 2021

CURRENT FUND

EXHIBIT A-4

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund
Balance December 31, 2019	A	$ 2,541,849.75
Increased by Receipts:		
Tax Collector	A-5	3,429,685.46
Revenue Accounts Receivable	A-13	7,734,233.02
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	22,696.58
Grants Unappropriated	A-18	9,829.84
County Energy Receipts Tax		2,195,000.00
DCA Fees		2,350.00
Due Animal Control Trust		156.40
Due Trust Other		34,995.09
Petty Cash		1,100.00
		13,430,046.39
		15,971,896.14
Decreased by Disbursements:		
Budget Appropriations	A-3	6,767,797.45
Appropriation Reserves	A-15	42,654.00
Encumbrances Payable	A-19	1,781,984.50
Reserve for Grants - Appropriated	A-17	2,550.80
County Taxes	A-8	3,185,292.04
County Open Space Taxes	A-8	53,469.56
Due County Added & Omitted Taxes	A-8	8,052.60
County Energy Receipts Tax		2,195,000.00
Due to Trust Other		35,000.00
Due Animal Control Trust		433.20
DCA Fees		2,987.00
Petty Cash		1,100.00
		14,076,321.15
Balance December 31, 2020	A	$ 1,895,574.99

EXHIBIT A-7

SCHEDULE OF CURRENT FUND INVESTMENTS - TREASURER

	Ref.	
Balance December 31, 2019	A	$ 3,000,000.00
Balance December 31, 2020	A	$ 3,000,000.00

Schedule of Investments December 31, 2020

	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
Port Authority of NY & NJ	9/28/2012	10/1/2062	4.458%	$ 3,991,020.00	$ 3,000,000.00

EXHIBIT A-8

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2019	Levy	Added Taxes	Collected 2019	Collected 2020	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2020
2018	$ 107.53				$ 107.53			
2019	34,415.24		$ 642.94		35,055.77	$ 2.41		
	34,522.77		642.94		35,163.30	2.41		
2020		$ 3,248,124.19		$ 66,100.25	3,145,391.23		$ 5,473.21	$ 31,159.50
	$ 34,522.77	$ 3,248,124.19	$ 642.94	$ 66,100.25	$ 3,180,554.53	$ 2.41	$ 5,473.21	$ 31,159.50
Ref.	A						A-9	A

	Ref.	
Cash - Collector	A-5	$ 3,158,304.53
Due State of New Jersey	A-14	22,250.00
		$ 3,180,554.53

EXHIBIT A-8
(Continued)

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield			
General Purpose Tax:			
Business Personalty Tax	$ 10,628.32		
General Property Tax	3,229,782.79		
		$ 3,240,411.11	
Added Taxes (54:4-63.1 et seq.)		7,713.08	
			$ 3,248,124.19
Tax Levied			
County Taxes:			
County Tax (Abstract)	$ 3,185,292.04		
Due County for Open Space	53,469.56		
Due County for Added Taxes (54:4-63.1 et seq.)	8,052.60		
Total County Taxes		$ 3,246,814.20	
Add: Additional Taxes Levied	1,309.99		
		1,309.99	
			$ 3,248,124.19

EXHIBIT A-9

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2019	A	$ 27,779.94
Increased by:		
Transfers from Taxes Receivable	A-8	5,473.21
		33,253.15
Decreased by:		
Cash Receipts	A-5	2,416.96
Balance December 31, 2020	A	$ 30,836.19

EXHIBIT A-10

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2019	A	$ 103,430.00
Balance December 31, 2020	A	$ 103,430.00

EXHIBIT A-11

SCHEDULE OF SEWER RENTS AND CONNECTION FEES RECEIVABLE

	Ref.		
Balance December 31, 2019	A		$ 41,938.94
Increased by:			
Sewer Rents Levied			201,356.08
			243,295.02
Decreased by:			
Cash Receipts	A-13	$ 190,607.66	
Deduction Allowed		225.00	
Canceled		900.00	
Transfer to Liens	A-12	2,700.00	
			194,432.66
Balance December 31, 2020	A		$ 48,862.36

EXHIBIT A-12

SCHEDULE OF SEWER LIENS RECEIVABLE

	Ref.	
Balance December 31, 2019	A	$ 7,291.34
Increased by:		
Transfers from Taxes Receivable	A-11	2,700.00
Balance December 31, 2020	A	$ 9,991.34

EXHIBIT A-13

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2019	Accrued	Collected Treasurer	Collected Collector	Balance Dec. 31, 2020
Miscellaneous Revenue Anticipated					
Fines and Costs:					
Municipal Court	$ 1,236.86	$ 5,429.90	$ 6,584.74		$ 82.02
Interest on Investments and Deposits		2,002,920.54	2,002,920.54		
Police Agreement		106,981.00	106,981.00		
Trash Agreement		239,334.00	239,334.00		
Leisure Arms Rentals		147,218.66	147,218.66		
Sewer Rents		190,607.66		$ 190,607.66	
Fuel Reimbursements					
Energy Receipts Tax		5,000,361.01	5,000,361.01		
Garden State Trust Preservation		35,841.00	35,841.00		
Uniform Construction Code Fees		36,611.00	36,611.00		
Senior Citizen Lunch Program		34,471.00	34,471.00		
Miscellaneous Revenue Not Anticipated					
Refunds		12,631.86	12,631.86		
Interest and Costs on Taxes/Sewer		12,105.45		12,105.45	
Bulk Stickers		3,424.00	3,424.00		
Clerk Licenses		4,294.25	4,294.25		
Planning & Zoning Fees		2,600.00	2,600.00		
Recycling		10,980.54	10,980.54		
Mobile Home Fees		2,214.00	2,214.00		
Court Agreement		1,547.00	1,547.00		
Zoning Housing Fee		1,160.00	1,160.00		
Boat Passes		7,580.00	7,580.00		
Fuel Reimbursement		8,984.58	8,984.58		
Miscellaneous		68,493.84	68,493.84		
	$ 1,236.86	$ 7,935,791.29	$ 7,734,233.02	$ 202,713.11	$ 82.02
Ref.	A		A-4	A-5	A

EXHIBIT A-14

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY - SENIOR CITIZEN AND VETERANS DEDUCTIONS

	Ref.		
Balance December 31, 2019	A		$ 16,007.93
Increased by:			
Cash Receipts	A-4		22,696.58
			38,704.51
Decreased by:			
Deductions Per Tax Duplicate		$ 23,250.00	
Deductions Disallowed by Collector		(1,000.00)	
	A-8	22,250.00	
2019 Deductions Disallowed by Collector	A-1	(303.42)	
			21,946.58
Balance December 31, 2020	A		$ 16,757.93

EXHIBIT A-15

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
Purchasing	$ 2,500.00	$ 2,500.00	$ 1,565.02	$ 934.98
Mayor and Township Committee	5,129.00	5,129.00	1,664.46	3,464.54
Township Clerk	4,646.97	4,646.97	3,539.98	1,106.99
Tax Assessment	949.25	949.25	11.37	937.88
Group Insurance	426,549.12	426,549.12	5,457.20	421,091.92
Rescue	9,942.32	9,942.32	910.89	9,031.43
Road Repairs & Maintenance	9,916.33	9,916.33	888.12	9,028.21
Municipal Garage	12,634.17	12,634.17	10,925.47	1,708.70
Solid Waste Collection	1,067.90	1,067.90	331.84	736.06
Historical Sites	1,823.34	1,823.34	43.29	1,780.05
Senior Lunch Program	4,236.95	4,236.95	669.52	3,567.43
Telephone	4,766.36	4,766.36	725.94	4,040.42
Heating Oil	4,412.42	4,412.42	302.39	4,110.03
Sewer	4,584.67	4,584.67	2,414.11	2,170.56
Solid Waste Disposal Costs	7,704.40	7,704.40	7,704.40	
LOSAP	8,000.00	8,000.00	5,500.00	2,500.00
Other Accounts - No Change	214,922.36	214,922.36		214,922.36
	$ 723,785.56	$ 723,785.56	$ 42,654.00	$ 681,131.56
Ref.	A		A-4	A-1

EXHIBIT A-16

SCHEDULE OF GRANTS RECEIVABLE

	Budget Revenue Realized	From Grants Unappropriated
State Grants:		
Recycling Tonnage Grant	$ 13,567.32	$ 13,567.32
Body Armor Replacement	1,500.99	1,500.99
Clean Communities	9,232.43	9,232.43
	$ 24,300.74	$ 24,300.74
Ref.	A-2	A-18

EXHIBIT A-17

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2019	Transferred from Budget Appropriation	Disbursed	Balance Dec. 31, 2020
Federal Grants:				
Buffer Zone Protection Program	$ 4,909.98			$ 4,909.98
Municipal Stormwater Regulation Program	6,573.66			6,573.66
	11,483.64			11,483.64
State Grants:				
Municipal Court Alcohol Education & Rehab Fund	12,585.98			12,585.98
Recycling Tonnage Grant	99,331.11	$ 13,567.32	$ 1,049.81	111,848.62
Body Armor Replacement Fund	1,313.83	1,500.99	1,500.99	1,313.83
Clean Communities	41,599.28	9,232.43		50,831.71
Drunk Driving Enforcement Fund	10,949.07			10,949.07
	165,779.27	24,300.74	2,550.80	187,529.21
	$ 177,262.91	$ 24,300.74	$ 2,550.80	$ 199,012.85
Ref.	A	A-3	A-4	A

EXHIBIT A-18

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2019	Received	To Grants Receivable	Balance Dec. 31, 2020
State Grants:				
Recycling Tonnage Grant	$ 13,567.32		$ 13,567.32	
Body Armor Replacement Fund	1,500.99	$ 1,423.28	1,500.99	$ 1,423.28
Municipal Court Alcohol Education & Rehabilitation		83.35		83.35
Clean Communities	9,232.43	8,323.21	9,232.43	8,323.21
	$ 24,300.74	$ 9,829.84	$ 24,300.74	$ 9,829.84
Ref.	A	A-4	A-16	A

EXHIBIT A-19

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2019	A	$ 1,843,437.27	$ 1,252.86
Increased by:			
Charges to Current Appropriations	A-3:A-17	1,827,238.58	
		1,827,238.58	
		3,670,675.85	1,252.86
Decreased by:			
Payments	A-4	1,780,731.64	1,252.86
Canceled	A-1	15,503.63	
		1,796,235.27	1,252.86
Balance December 31, 2020	A	$ 1,874,440.58	

TRUST FUND

EXHIBIT B-1

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust Fund	Other Trust Funds
Balance December 31, 2019	B	$ 4,598.23	$ 11,208,620.55
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-3	2,052.00	
State Share		256.80	
Trust Other	B-4		57,726.52
Interest Earned		7.00	78.10
From Investments	B-2		25,969.37
Investment Redeemed	B-2		4,000,000.00
Due Current Fund		433.20	35,000.00
		2,749.00	4,118,773.99
		7,347.23	15,327,394.54
Decreased by Disbursements:			
Due State of New Jersey		375.60	
Trust Other	B-4		62,867.24
To Investments	B-2		4,786,584.83
Expenditures Under RS 4:19-15.11	B-3	766.60	766.60
Due Current Fund		156.40	34,236.36
		1,298.60	4,884,455.03
Balance December 31, 2020	B	$ 6,048.63	$ 10,442,939.51

EXHIBIT B-2

SCHEDULE OF TRUST FUND INVESTMENTS - TREASURER

	Ref.	
Balance December 31, 2019	B	$ 10,235,611.48
Increased by Receipts:		
Purchases	B-1	4,786,584.83
		15,022,196.31
Decreased by:		
Amortization of Premium	B-1	25,969.37
Redemption	B-1	4,000,000.00
		4,025,969.37
Balance December 31, 2020	B	$ 10,996,226.94

Schedule of Investments December 31, 2020

	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
NJEDA St Pension	06/15/97	2/15/29	7.425%	$ 2,507,460.00	$ 1,984,579.31
NJEDA St Pension	06/15/97	2/15/29	7.425%	3,761,190.00	2,982,763.80
NJEDA St Pension	04/06/09	2/15/29	7.425%	1,578,446.07	1,270,331.00
NJ State Transportation Trust Fund	12/15/20	6/15/39	5.000%	309,305.00	299,770.00
NJ State Transportation Trust Fund	12/15/20	6/15/38	5.000%	310,582.50	300,544.31
NJ State Transportation Trust Fund	12/15/20	6/15/37	5.000%	311,510.00	302,461.18
NJ State Transportation Trust Fund	12/15/20	6/15/36	5.000%	312,655.00	303,655.47
NJ State Transportation Trust Fund	12/15/20	6/15/35	5.000%	315,095.00	306,228.67
NJ State Transportation Trust Fund	12/15/20	6/15/50	4.000%	2,496,330.00	2,469,229.83
NJ State Transportation Trust Fund	12/15/20	6/15/45	4.000%	503,244.00	494,616.00
NJ State Transportation Trust Fund	12/15/20	6/15/21	4.000%	286,627.50	282,047.37
				$ 12,692,445.07	$ 10,996,226.94

EXHIBIT B-3

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.		
Balance December 31, 2019	B		$ 3,704.00
Increased by:			
Municipal Share of Dog License Fees	B-1		2,052.00
			5,756.00
Decreased by:			
Expenditures Under RS 4:19-15.11	B-1	$ 766.60	
Excess fees due Current Fund		184.60	
			951.20
Balance December 31, 2020	B		$ 4,804.80

License Fees Collected

Year	Amount
2018	$ 2,525.20
2019	2,279.60
	$ 4,804.80

EXHIBIT B-4

SCHEDULE OF RESERVE FOR OTHER TRUST FUNDS

	Balance Dec. 31, 2019	Deposits, Fees, and Donations	Disbursements	Encumbered	Due Current	Balance Dec. 31, 2020
Reserve for Escrow	$ 4,036.63	$ 4.06	$ 2.00		$ 65.76	$ 4,104.45
Reserve for Self-Insurance Fund	21,362,495.68	14,166.67	36,423.01		(3,676.08)	21,336,563.26
Reserve for Tax Sale Redemption	204.97	13,502.32	13,707.29			
Reserve for Tax Sale Premiums	2,200.00		2,200.00			
Reserve for Municipal Drug Alliance Fund	8,587.46				(570.83)	8,016.63
Reserve for Uniform Fire Safety	21,024.62	757.96	722.96		218.73	21,278.35
Reserve for Leisure Arms	7,797.91	1,979.90	2,039.99			7,737.82
Reserve for Public Defender Fees	867.65	400.00			1,769.20	3,036.85
Reserve for Accumulated Absence	26,326.87				228.62	26,555.49
Reserve for Planning Board Escrow	4,891.19	26,915.61	7,771.99	$ 3,374.87	7,752.50	28,412.44
	$ 21,438,432.98	$ 57,726.52	$ 62,867.24	$ 3,374.87	$ 5,787.90	$ 21,435,705.29
Ref.	B	B-1	B-1	B		B

GENERAL CAPITAL FUND

EXHIBIT C-1

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	Ref.		
Balance December 31, 2019	C		$ 37,544,491.33
Increased by:			
Due from Current Fund	C-3		43.90
			37,544,535.23
Decreased by:			
Improvement Authorizations	C-5	$ 780,116.74	
Encumbrances Payable	C-6	219,103.74	
Due Current Fund	C-3	43.90	
			999,264.38
Balance December 31, 2020	C		$ 36,545,270.85

EXHIBIT C-2

SCHEDULE OF GENERAL CAPITAL INVESTMENTS - TREASURER

	Ref.	
Balance December 31, 2019	C	$ 30,130,755.23
Decreased by:		
Principal Withdrawn	C-2	10,000,000.00
Amortization of Premium/Discount		76,366.86
Balance December 31, 2020	C	$ 20,054,388.37

Schedule of Investments December 31, 2020

	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
U.S. TSY Inflation Index	3/16/2011	1/15/2021	1.125%	$ 9,524,820.55	$ 8,000,000.00
U.S. Treasury Bonds	4/20/2012	2/15/2042	0.750%	7,330,614.50	5,002,842.73
NJ State Turnpike	8/20/2012	1/1/2040	7.414%	8,385,000.00	7,051,545.64
				$ 25,240,435.05	$ 20,054,388.37

EXHIBIT C-3

ANALYSIS OF GENERAL CAPITAL FUND CASH

Ordinance Number	Purpose	Balance Dec. 31, 2019	Receipts Miscellaneous	Disbursements Improvement Authorizations	Disbursements Miscellaneous	Transfers To/(From)	Balance Dec. 31, 2020
Encumbrances Payable		$ 219,103.74			$ 219,103.74	$ 4,400.00	$ 4,400.00
Due Current Fund			$ 43.90		43.90		
Capital Improvement Fund		36,593,730.46				(355,000.00)	36,238,730.46
Grants Receivable		(123,756.92)					(123,756.92)
Improvement Authorizations:							
2011-09	Solar Electric Generation Equipment	3,700.61					3,700.61
2012-05	Repairs and Related Costs to the Alloway Creek Bank	31,600.92					31,600.92
2012-06	Resurfacing Alloway Creek Neck Road	38,964.94					38,964.94
2014-12	Resurfacing Alloway Creek Neck Road	12,341.31					12,341.31
2017-05	Resurfacing Alloway Creek Neck Road	17,974.83					17,974.83
2018-02	Resurfacing Alloway Creek Neck Road	12,195.87		$ 12,195.87			
2018-04	Resurfacing Alloway Creek Neck Road	30,000.00		14,321.72			15,678.28
2018-02	Purchase of a New Fire Truck	150,000.00		150,000.00			
2018-08	Purchase of a New Trash Truck	46,259.60					46,259.60
2019-03	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck	62,375.97		16,412.94		(4,400.00)	41,563.03
2019-03	Purchase of a New Fire Truck	450,000.00		435,472.41			14,527.59
2020-02	Administrative, Building & Grounds, Public Safety & Public Works Equipment, and Special Needs Bus w/ Wheelchair Lift			151,713.80		355,000.00	203,286.20
		$ 37,544,491.33	$ 43.90	$ 780,116.74	$ 219,147.64		$ 36,545,270.85
	Ref.	C	C-1:C-4	C-5	C-1		C

EXHIBIT C-4

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2019	C	$ 36,593,730.46
Decreased by:		
Funding of Ordinance	C-5	355,000.00
Balance December 31, 2020	C	$ 36,238,730.46

EXHIBIT C-5

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Amount	Balance Dec. 31, 2019 Funded	Authorizations Capital Improvement Fund	Disbursed	Encumbered	Balance Dec. 31, 2020 Funded
2011-09	Solar Electric Generation Equipment	$ 1,000,000.00	$ 3,700.61				$ 3,700.61
2012-05	Repairs and Related Costs to the Alloway Creek Bank	1,200,000.00	31,600.92				31,600.92
2012-06	Resurfacing Alloway Creek Neck Road	470,000.00	38,964.94				38,964.94
2014-12	Resurfacing Alloway Creek Neck Road	120,000.00	12,341.31				12,341.31
2017-05	Resurfacing Alloway Creek Neck Road	350,000.00	17,974.83				17,974.83
2018-02	Resurfacing Alloway Creek Neck Road	200,000.00	12,195.87		$ 12,195.87		
2018-04	Resurfacing Alloway Creek Neck Road	30,000.00	30,000.00		14,321.72		15,678.28
2019-06	Resurfacing Alloway Creek Neck Road	160,000.00					
2019-03	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck	150,000.00	62,375.97		16,412.94	$ 4,400.00	41,563.03
2018-02	Purchase of a New Fire Truck	150,000.00	150,000.00		150,000.00		
2019-03	Purchase of a New Fire Truck	450,000.00	450,000.00		435,472.41		14,527.59
2018-08	Purchase of a New Trash Truck	350,000.00	46,259.60				46,259.60
2020-02	Administrative, Building & Grounds, Public Safety & Public Works Equipment, and Special Needs Bus w/ Wheelchair Lift			$ 355,000.00	151,713.80		203,286.20
			$ 855,414.05	$ 355,000.00	$ 780,116.74	$ 4,400.00	$ 425,897.31
		Ref.	C	C-4	C-1	C-6	C

EXHIBIT C-6

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	
Balance December 31, 2019	C	$ 219,103.74
Increased by:		
Charges	C-5	4,400.00
		223,503.74
Decreased by:		
Payments	C-1	219,103.74
Balance December 31, 2020	C	$ 4,400.00

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4
NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

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

The minutes indicate that bids were requested by public advertisement for various items including:

Purchase of John Deere Tractor and Boom Mower

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11.5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

NJSA 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

Collection of Interest on Delinquent Taxes and Assessments
The statute provides 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 on January 1, 2020, adopted the following resolution authorizing interest to be charged on delinquent taxes:

> WHEREAS, RS 54:4-66 states that taxes shall be payable in quarterly installments on the first day of February, May, August, and November, and shall become delinquent after the tenth day of February, May, August, and November; and
>
> WHEREAS, RS 54:4-67 provides that the governing body may, by Resolution, fix the rate of interest to be charged for non-payment of taxes or assessments on or before the date they would become delinquent.

Collection of Interest on Delinquent Taxes and Assessments (Continued)

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Lower Alloways Creek does hereby establish that the rate of interest to be charged for the non-payment of taxes or assessments on or before the above quarterly due dates, when interest becomes chargeable, shall be at 8% per annum on the first $1,500.00 for delinquency and 18% per annum on any amount in excess of $1,500.00. Additionally, any taxes and sewer fees in excess of $10,000 remaining in arrears beyond December 31st, 2020, an additional penalty of 6% shall be charged against the delinquency.

It appears from an examination of the collector's records that interest was collected in accordance with the statutes.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 19, 2020, and was complete.

The following comparison is made of the number of tax title liens receivable on December 31 of the current and previous two years.

Year	Number of Liens
2020	8
2019	11
2018	6

It is essential to good management that all means provided by statute 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 charges and current payments was made in accordance with the regulations of the Division of Local Government Services. A separate report will be rendered if any irregularities develop after the date of the audit.

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.

	2020	2019	2018
Tax Levy	$ 3,248,124.19	$ 3,357,568.96	$ 3,523,054.05
Cash Collections	3,211,491.48	3,316,951.77	3,483,053.62
Percentage of Collections	98.87%	98.79%	98.86%

Comparative Schedule of Tax Rate Information

	2020	2019	2018
Tax Rate	1.51	1.567	1.651
Apportionment of Tax Rate:			
County	1.51	1.567	1.651
Assessed Valuation	214,596,762	213,686,658	213,071,555

Comparative Schedule of 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 current and previous two years.

	2020	2019	2018
Amount of Tax Title Liens	$ 30,836.19	$ 27,779.94	$ 25,355.59
Delinquent Taxes	31,159.50	34,522.77	34,104.37
Total Delinquent	$ 61,995.69	$ 62,302.71	$ 59,459.96
Percentage of Collections	1.91%	1.86%	1.69%

Comparative Schedule of Property Acquired by Tax Title Lien Liquidation
The value of property acquired by liquidation of tax title liens on December 31st, on the basis of the last assessed valuation of such properties, was as follows:

	2020	2019	2018
Property Acquired for Taxes (Assessed Valuation)	103,430	103,430	103,430

OTHER COMMENTS

Chief Financial Officer
The records maintained by the Chief Financial Officer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements with the following exception:

The general ledger is not properly maintained.

Tax/Sewer Collector
The records maintained by the Tax/Sewer Collector were found to be in good condition.

Municipal Clerk
The records maintained by the Municipal Clerk were found to be in good condition.

Corrective Action Plan
A corrective action plan for the 2019 audit was filed.

STATUS OF PRIOR RECOMMENDATIONS

2019-001 Finding: A general ledger is not properly maintained as required by NJAC 5:30-5.7.

Status: Corrective action has not been taken.

FINDINGS AND RECOMMENDATIONS

Finding 2020-001:

Violation: (NJAC 5:30-5.7) General ledger accounting systems

General Description: NJAC 5:30-5.7 requires all local units to have and maintain a general ledger.

Criteria or Specific Requirement: The general ledger shall be the official permanent financial record of the local unit. It shall provide a summary of all financial transactions as they have been recorded in the books of original entry, using a double entry, self-balancing accounting system with the general ledger facilitating the preparation of the financial statements. The general ledger, together with the books of original entry and supporting subsidiary ledgers, shall constitute the complete accounting system.

Condition: The general ledger does not include all required journal entries to lapse appropriation reserves, cancel encumbrances, adjust interfund receivables/payables, record all tax entries, and account for grant receivables and reserves and capital transactions, along with reconciliation of the cash balances.

Context: Numerous adjustments were required to facilitate the preparation of the financial statements.

Effect: The Township is not in compliance with the provisions of the Administrative Code NJAC 5:30-5.7.

Cause: The Chief Financial Officer did not reconcile the general ledger with the supporting subsidiary ledgers.

Recommendation: The Chief Financial Officer ensure that required journal entries are made to the general ledger to constitute a complete accounting system.

Finding 2020-002:

Violation: (National Cooperative) 52:34-6.2(b)(3) Purchases through National Cooperative.

General Description: NJSA 52:34-6.2(b)(3) allows a municipality to utilize a national cooperative contract (NCC) as a method of procurement.

Criteria or Specific Requirement: When utilizing an NCC for procurement of goods or services that is in excess of the bid threshold (NJAC 5:34-8.2) the municipality must, prior to procurement:
1. Document that the NCC complies with applicable New Jersey procurement requirements, and
2. Document that the contract results in cost savings after all factors, including charges for service, material, and delivery, have been considered.

Condition: The Township approved the purchase of a John Deere Tractor and a Diamond Rear Mower through an NCC.

Context: There was no evidence of the Township complying with the documentation of cost savings, nor the advertising of the original bid as a national cooperative contract.

Effect: The Township violated the statutory and regulatory requirements with respect to purchases through a National Cooperative Contract process

FINDINGS AND RECOMMENDATIONS (CONTINUED)

Cause: The Chief Financial Officer was not aware of the compliance requirements for purchases made through a National Cooperative Contract.

Recommendation: The Township develop internal control procedures to ensure compliance with the statutes and regulations when utilizing a National Cooperative Contract to purchase goods and services.

Finding 2020-003:

Violation: (NJSA 40A:4-57) Expenditures void without appropriation

General Description: Sufficient appropriation is necessary before an expenditure of funds can be authorized.

Criteria or Specific Requirement: No officer, board, body or commission shall, during any fiscal year, expend any money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose.

Condition: Expenditures of funds occurred in the current fund in excess of the amount appropriated.

Context: The appropriations were insufficient to provide for the expenditures.

Effect: Violation of NJSA 40A:4-57 occurred.

Cause: The Chief Financial Officer did not ensure that sufficient funds were available in an appropriation prior to expenditure of funds as required by 40A:4-57.

Recommendation: The Chief Financial Officer ensure that sufficient funds are available in an appropriation prior to expenditure of funds as required by 40A:4-57.

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The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

We received the complete cooperation of all the officials of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

Nick L. Petroni

Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252