

TOWNSHIP OF LOWER ALLOWAYS CREEK
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

Uniform Construction Code Enforcement Personnel (Direct Hires)
add additional lines as required

Name (Last, First)	UCC License No.	Position	Annual UCC Salary/Wages
Palumbo, John	6909	Construction Offical	\$ 18,576.31
Berry, Timothy	10162	Electrical Inspector	\$ 270.00
Polillo, Louis	8908	Plumbing Inspector	\$ 4,590.00
Clour, Kevin	n/a	Clerical	\$ 645.00
Total			\$ 24,081.31

Has routine sample testing been conducted as to enforcement agency direct expenditures and their compliance with N.J.A.C. 5:23-4.17?

YES

Do the enforcement agency's indirect/overhead expenses exceed 12 percent of the total of A through G above?

NO

If the answer to the above question is yes, has a detailed written justification for any charge for indirect/overhead expenses in excess of 12 percent been submitted to the Department of Community Affairs and made available for public inspection?

If the municipality has been directed to do so by the Department of Community Affairs, the auditor shall also sample test supporting expenditures for all direct and indirect expenses allocated to the Construction Department. This testing should provide support to validate the appropriateness of the charges as they relate to compliance with N.J.A.C. 5:23-4.17, namely that all expenditures of construction code fees have been made for purposes permitted under the regulation. The outcome of said testing shall be specifically reflected in a separate opinion contained in an addendum to the annual Audit.

TOWNSHIP OF LOWER ALLOWAYS CREEK

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TOWNSHIP OF LOWER ALLOWAYS CREEK

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TOWNSHIP OF LOWER ALLOWAYS CREEK

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Lower Alloways Creek
County of Salem
Hancocks Bridge, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Lower Alloways Creek as of December 31, 2022 and 2021, and 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 for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the below "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*" 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 the Township of Lower Alloways Creek, as of December 31, 2022 and 2021, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Lower Alloways Creek, as of December 31, 2022 and 2021, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis, for the year ended December 31, 2022 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

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

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Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the Township of Lower Alloways Creek on the basis of the financial reporting provisions of 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 the State of New Jersey.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices 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 misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 1, 2023 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
September 1, 2023



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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

Honorable Mayor and Members
of the Township Committee
Township of Lower Alloways Creek
County of Salem
Hancocks Bridge, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Lower Alloways Creek, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 1, 2023. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the basis for designing financial statements. 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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of financial statement findings as Finding No. 2022-001.

Township of Lower Alloways Creek's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township of Lower Alloways Creek's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
September 1, 2023

BASIC FINANCIAL STATEMENTS

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CURRENT FUND

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**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

ASSETS	REFERENCE	2022	2021
Regular Fund:			
Cash- Treasurer	A-4	\$ 1,598,402.26	\$ 3,036,320.83
Cash- Collector	A-5	83,845.95	-
Cash - Change Fund	A-6	290.00	290.00
Investments	A-7	<u>3,000,000.00</u>	<u>3,000,000.00</u>
Total Regular Fund		<u>4,682,538.21</u>	<u>6,036,610.83</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	40,126.45	25,219.50
Tax Title Liens Receivable	A-9	764.84	6,361.66
Property Acquired / Assessed Valuation	A-11	121,780.00	121,780.00
Sewer Rents Receivable	A-12	57,388.33	34,664.69
Sewer Liens Receivable	A-13	900.00	900.00
Other Charges Receivable	A	11.79	11.79
Miscellaneous Liens Receivable	A	686.82	686.82
Payroll Tax Overpayment	A	-	6,442.18
Revenue Accounts Receivable	A-14	662.60	702.64
Due from:			
Animal Control Trust Fund	B	5,535.83	3,232.03
Trust Other	B	<u>100.91</u>	<u>100.91</u>
		<u>227,957.57</u>	<u>200,102.22</u>
Total Current Fund		<u>4,910,495.78</u>	<u>6,236,713.05</u>
State & Federal Grants:			
Due from Current Fund	A	<u>241,231.47</u>	<u>313,038.26</u>
Total State & Federal Grants		<u>241,231.47</u>	<u>313,038.26</u>
Total Assets		<u>\$ 5,151,727.25</u>	<u>\$ 6,549,751.31</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2022	2021
Regular Fund:			
Appropriation Reserves	A-3:A-15	\$ 447,702.92	\$ 535,038.52
Reserve for Encumbrances	A-16	1,738,295.90	1,832,379.68
Prepaid Taxes	A-5	72,581.38	73,676.01
Tax Overpayments	A-6	-	0.07
Sewer Overpayments	A-12	1,296.70	1,948.89
Due to County for Added and Omitted Taxes	A-18	1,959.77	202,229.91
Due to Federal & State Grant Fund	A	241,231.47	313,038.26
Due to the State:			
DCA Inspection Fees		-	764.00
Senior Citizen & Veterans Deductions	A-10	19,200.40	17,305.88
Reserve for Municipal Relief Fund	A	375,337.98	-
Subtotal		2,897,606.52	2,976,381.22
Reserve for Receivables & Other Assets	A	227,957.57	200,102.22
Fund Balance	A-1	1,784,931.69	3,060,229.61
Total Regular Fund		4,910,495.78	6,236,713.05
State & Federal Grants:			
Reserve for Grants Appropriated	A-20	222,150.69	283,839.51
Reserve for Grants Unappropriated	A-19	19,080.78	29,198.75
Total State & Federal Grants		241,231.47	313,038.26
Total Liabilities, Reserves & Fund Balance		\$ 5,151,727.25	\$ 6,549,751.31

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 2,278,716.18	\$ 1,491,367.49
Miscellaneous Revenue Anticipated	7,294,196.61	9,280,203.15
Receipts From Delinquent Taxes & Tax Title Liens	33,145.09	48,585.96
Receipts From Current Taxes	3,653,232.14	3,652,993.94
Nonbudget Revenue	410,639.04	266,864.88
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	527,206.53	772,976.32
Encumbrances Payable Canceled	52,202.30	24,755.18
Total	14,249,337.89	15,537,746.92
Expenditures:		
Budget & Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	2,416,739.18	2,424,644.00
Other Expenses	2,968,031.82	2,582,140.00
Deferred Charges & Statutory		
Expenditures - Municipal Within "CAPS"	718,845.00	706,513.99
Operations Excluded from "CAPS":		
Salaries & Wages	111,850.00	109,656.00
Other Expenses	42,198.75	101,816.74
Transfer to Board of Education	3,292,016.00	3,292,016.00
County Taxes	3,692,174.36	3,484,006.34
Due County for Added & Omitted Taxes	1,959.77	202,229.91
Refund of Prior Year Revenue	2,104.75	11,443.50
Interfund Advanced	-	6,442.18
Total Expenditures	13,245,919.63	12,920,908.66
Regulatory Excess to Fund Balance	1,003,418.26	2,616,838.26
Fund Balance January 1	3,060,229.61	1,934,758.84
Total	4,063,647.87	4,551,597.10
Decreased by: Utilization as Anticipated Revenue	2,278,716.18	1,491,367.49
Fund Balance December 31	\$ 1,784,931.69	\$ 3,060,229.61

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BUDGET	APPROPRIATED by N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 2,278,716.18	\$ -	\$ 2,278,716.18	\$ -
Miscellaneous Revenue:				
Fines & Costs:				
Municipal Court	5,000.00	-	6,684.47	1,684.47
Interest on Investments and Deposits	1,287,000.00	-	1,322,704.29	35,704.29
Trash Agreement	243,785.00	-	250,626.54	6,841.54
Sewer Rents	200,000.00	-	178,107.44	(21,892.56)
Leisure Arms Rentals	130,000.00	-	140,776.26	10,776.26
Energy Receipts Tax	5,000,361.00	-	5,000,361.00	-
Garden State Trust	55,193.00	-	35,841.00	(19,352.00)
Uniform Construction Code	20,000.00	-	22,353.00	2,353.00
Shared Service Agreement				
Elsinboro Township Police Servies	110,761.00	-	102,878.04	(7,882.96)
Senior Citizen Lunch Program	30,000.00	-	29,660.00	(340.00)
Clean Communities Program Grant	17,174.12	-	17,174.12	-
Police Body Armour Grant	1,284.66	-	1,284.66	-
Recycling Tonnage Grant	10,656.62	-	10,656.62	-
Municipal Court Alcohol Education	83.35	-	83.35	-
LFRF - Police Salary and Wages	175,005.82	-	175,005.82	-
Total Miscellaneous Revenues	7,286,304.57	-	7,294,196.61	7,892.04
Receipts from Delinquent Taxes	20,000.00	-	33,145.09	13,145.09
Local Tax for Municipal Purposes	-	-	(5,561.99)	(5,561.99)
Budget Totals	9,585,020.75	-	9,600,495.89	15,475.14
Nonbudget Revenues	-	-	410,639.04	410,639.04
Total	\$ 9,585,020.75	\$ -	\$ 10,011,134.93	\$ 426,114.18

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 3,653,232.14
Less: Allocated for School & County Taxes	<u>3,694,134.13</u>
Total Allocation of Current Tax Collections	(40,901.99)
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>35,340.00</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ (5,561.99)</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 25,358.67
Tax Title Lien Collections	<u>7,786.42</u>
Total Receipts from Delinquent Taxes	<u>\$ 33,145.09</u>

ANALYSIS OF NONBUDGET REVENUES

Miscellaneous Revenue Not Anticipated:	
Interest & Costs on Taxes	\$ 11,735.49
Interest and Costs on Sewer Rents/Liens	178.05
Planning & Zoning Fees	3,850.00
Fuel Reimbursement	39,658.19
Refunds & Settlements	246,223.62
Dumpster Fees	9,700.00
Fios Franchise Fee	16,633.33
Bulk Stickers	3,907.00
Other Fees and Permits Clerk	3,028.00
Boat Ramp Passes	8,130.00
Mobile Home Fees	2,400.00
Miscellaneous	62,507.73
Senior Citizen & Veterans Administrative Fee	387.89
Recycling	<u>2,299.74</u>
Total Nonbudgeted Revenue	<u>\$ 410,639.04</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
General Government Functions:					
Purchasing Department					
Salaries and Wages	\$ 43,100.00	\$ 43,100.00	\$ 43,046.14	\$ -	\$ 53.86
Postage	2,500.00	2,500.00	2,500.00	-	-
Other Expenses	3,000.00	3,000.00	2,108.42	-	891.58
Mayor and Township Committee:					
Salaries and Wages	40,500.00	40,500.00	39,680.00	-	820.00
Other Expenses	2,800.00	2,300.00	1,696.00	-	604.00
Township Clerk:					
Salaries and Wages	84,200.00	84,300.00	84,158.34	-	141.66
Printing and Legal Advertising	1,500.00	1,500.00	1,386.28	-	113.72
Other Expenses	19,000.00	19,500.00	16,710.37	-	2,789.63
Financial Administration:					
Salaries and Wages	43,100.00	43,100.00	43,046.14	-	53.86
Other Expenses	46,000.00	46,000.00	44,716.55	450.00	833.45
Audit Services	28,000.00	24,000.00	23,500.00	-	500.00
Collection of Taxes:					
Salaries and Wages	23,500.00	23,500.00	23,491.26	-	8.74
Other Expenses	6,000.00	8,000.00	7,396.37	-	603.63
Tax Assessments Administration:					
Salaries and Wages	19,900.00	19,900.00	19,872.58	-	27.42
Other Expenses	1,300.00	2,300.00	1,072.58	-	1,227.42
Legal Services:					
Other Expenses	12,000.00	14,000.00	7,564.07	690.00	5,745.93
Engineering Services & Costs	2,500.00	5,500.00	3,714.60	-	1,785.40
Municipal Court:					
Salaries and Wages	24,000.00	24,000.00	19,225.91	-	4,774.09
Other Expenses	3,500.00	3,500.00	2,409.06	-	1,090.94
Public Defender:					
Other Expenses	1,000.00	1,000.00	1,000.00	-	-
Land Use Administration:					
Planning Board:					
Salaries and Wages	6,120.00	6,120.00	6,000.00	-	120.00
Other Expenses	1,100.00	30,600.00	2,810.71	-	27,789.29
Zoning Board and Board of Adjustment					
Salaries and Wages	5,200.00	5,200.00	5,064.28	-	135.72
Insurance:					
Surety Bond Premiums	3,000.00	3,000.00	3,000.00	-	-
Self Insurance Program	51,588.00	51,588.00	51,588.00	-	-
Worker's Compensation	117,738.00	117,738.00	117,738.00	-	-
Employee Group Health	1,352,000.00	1,319,500.00	1,232,128.37	3,385.08	83,986.55
Health Benefit Waiver	-	-	-	-	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
Public Safety Functions:					
Police:					
Salaries and Wages	1,236,894.18	1,244,394.18	1,195,485.49	-	48,908.69
LFRF - Police Salary & Wages	175,005.82	175,005.82	175,005.82	-	-
Other Expenses	89,000.00	89,000.00	48,837.11	24,325.43	15,837.46
Police Radio and Communications					
Other Expenses	40,300.00	40,300.00	39,881.69	-	418.31
Office of Emergency Management:					
Salaries and Wages	9,300.00	9,300.00	8,945.64	-	354.36
Other Expenses	1,900.00	1,900.00	976.47	-	923.53
Fire					
Other Expenses	22,000.00	22,000.00	20,606.50	377.85	1,015.65
Fire Inspection					
Salaries and Wages	2,300.00	2,300.00	2,142.00	-	158.00
Rescue					
Other Expenses	14,000.00	11,000.00	8,584.33	539.41	1,876.26
Municipal Prosecutor:					
Other Expenses	10,000.00	10,000.00	8,097.50	722.50	1,180.00
Public Works Functions:					
Supervisor of Public Works					
Salaries and Wages	89,000.00	119,000.00	94,758.00	6,000.00	18,242.00
Other Expenses	2,000.00	2,000.00	357.57	-	1,642.43
Streets & Roads Maintenance:					
Salaries and Wages	570,000.00	509,400.00	464,288.89	-	45,111.11
Other Expenses	43,000.00	33,000.00	14,211.62	15,859.54	2,928.84
Municipal Garage	101,000.00	116,000.00	99,905.42	3,246.30	12,848.28
Reserve for Snow Removal:					
Other Expenses					-
Solid Waste Collection:					
Salaries and Wages	151,000.00	152,000.00	148,562.19	-	3,437.81
Other Expenses	15,000.00	9,000.00	5,603.79	-	3,396.21
Public Building & Grounds:					
Other Expenses	62,000.00	62,000.00	55,572.32	2,092.12	4,335.56
Mosquito Control					
Other Expenses	3,000.00	1,000.00	240.00	-	760.00
Health and Welfare:					
Public Health Services (Board of Health)					
Other Expenses	500.00	500.00	-	-	500.00
Animal Control Program:					
Other Expenses	41,000.00	21,000.00	6,315.00	-	14,685.00
Tidelands License and Lease Fee					
Other Expenses	7,000.00	7,000.00	-	-	7,000.00

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
Park and Recreation :					
Farmland Preservation Program					
Other Expenses	6,000.00	1,250.00	-	-	1,250.00
Parks and Playgrounds:					
Other Expenses	2,000.00	2,000.00	1,421.64	-	578.36
Historical Sites:					
Other Expenses	2,000.00	2,000.00	1,857.99	-	142.01
Other Common Operating Functions					
Housing Program					
Other Expenses	20,000.00	18,000.00	14,213.75	3,323.00	463.25
Senior Citizen Lunch Program					
Salaries and Wages	57,000.00	58,000.00	56,482.24	-	1,517.76
Other Expenses	40,000.00	39,000.00	36,714.71	1,306.33	978.96
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	4,000.00	3,250.00	3,123.34	-	126.66
Utility Expense and Bulk Purchases					
Electricity	75,000.00	75,000.00	64,120.28	-	10,879.72
Street Lighting	43,000.00	43,000.00	39,224.43	-	3,775.57
Telephone	42,500.00	37,500.00	36,806.77	43.76	649.47
Gas (Natural or Purpose)	33,000.00	45,000.00	42,562.38	-	2,437.62
Sewer System					
Salaries and Wages	4,550.00	4,550.00	4,438.00	-	112.00
Other Expenses	154,000.00	154,000.00	118,756.18	23,200.02	12,043.80
Gasoline	160,000.00	183,000.00	160,125.77	-	22,874.23
Landfill and Solid Waste Disposal Costs					
Solid Waste Disposal Costs					
Other Expenses	80,000.00	105,000.00	63,300.20	6,701.40	34,998.40
Appropriation Offset By Dedicated Revenues:					
State Uniform Construction Code					
Construction Official:					
Salaries and Wages	18,475.00	18,475.00	17,780.00	-	695.00
Other Expenses	1,300.00	1,800.00	929.00	233.16	637.84
Plumbing Inspection:					
Salaries and Wages	2,600.00	2,600.00	2,448.00	-	152.00
Electrical Subcode Official					
Salaries and Wages	7,000.00	7,000.00	270.00	-	6,730.00
Contingent	-	-	-	-	-
Total Operations Within "CAPS"					
Contingent	2,000.00	2,000.00	-	-	2,000.00
Including Contingent	5,383,771.00	5,384,771.00	4,869,576.06	92,495.90	422,699.04
Detail:					
Salaries and Wages	2,437,739.18	2,416,739.18	2,454,190.92	6,000.00	131,554.08
Other Expenses	2,946,031.82	2,968,031.82	2,415,385.14	86,495.90	291,144.96

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
Deferred Charges & Statutory Expenditures Municipal Within "CAPS":					
Deferred Charges:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	150,835.00	150,835.00	150,835.00	-	-
Social Security System (O.A.S.I.)	195,000.00	195,000.00	188,585.46	-	6,414.54
Police & Firemen's Retirement System of New Jersey	365,010.00	365,010.00	365,010.00	-	-
Unemployment Insurance	9,000.00	8,000.00	7,341.50	-	658.50
Total Deferred Charges & Statutory Expenditures Within "CAPS"	719,845.00	718,845.00	711,771.96	-	7,073.04
Total General Appropriations for Municipal Purposes Within "CAPS"	6,103,616.00	6,103,616.00	5,581,348.02	92,495.90	429,772.08
Public Safety Functions:					
Length of Service Awards Program(P.L.1997,c.388)	8,000.00	8,000.00	-	-	8,000.00
Landfill and Solid Waste Disposal Costs					
Recycling Tax					
Other Expenses	5,000.00	5,000.00	-	-	5,000.00
Total Other Operations - Excluded from "CAPS"	13,000.00	13,000.00	-	-	13,000.00
Shared Service Agreements:					
Elsinboro Township - Police Services	111,850.00	111,850.00	106,919.16	-	4,930.84
Total Shared Service Agreements	111,850.00	111,850.00	106,919.16	-	4,930.84
Public & Private Programs Offset by Revenues:					
Body Armor Replacement Grant	1,284.66	1,284.66	1,284.66	-	-
Clean Communities Program Grant	17,174.12	17,174.12	17,174.12	-	-
Recycling Tonnage Grant	10,656.62	10,656.62	10,656.62	-	-
Municipal Court Alcohol & Rehab Funds	83.35	83.35	83.35	-	-
Total Operations Excluded from "CAPS"	154,048.75	154,048.75	136,117.91	-	17,930.84
Detail:					
Salaries and Wages	111,850.00	111,850.00	106,919.16	-	4,930.84
Other Expenses	42,198.75	42,198.75	29,198.75	-	13,000.00
Transferred to Board of Education for Use in Local Schools (NJSA 40:48)	3,292,016.00	3,292,016.00	1,646,216.00	1,645,800.00	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
Total Deferred Charges - Excluded from "CAPS"	3,292,016.00	3,292,016.00	1,646,216.00	1,645,800.00	-
Subtotal General Appropriations	9,549,680.75	9,549,680.75	7,363,681.93	1,738,295.90	447,702.92
Reserve For Uncollected Taxes	35,340.00	35,340.00	35,340.00	-	-
Total General Appropriations	<u>\$ 9,585,020.75</u>	<u>\$ 9,585,020.75</u>	<u>\$ 7,399,021.93</u>	<u>\$ 1,738,295.90</u>	<u>\$ 447,702.92</u>
Original Budget		<u>\$ 9,585,020.75</u>			
Total		<u>\$ 9,585,020.75</u>			
Reserve for Federal & State Grants - Appropriated			\$ 204,204.57		
Reserve for Uncollected Taxes			35,340.00		
Refunds			(208,035.47)		
Cash Disbursements			<u>7,367,512.83</u>		
Total			<u>\$ 7,399,021.93</u>		

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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TRUST FUND
EXHIBIT

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EXHIBIT B

**TOWNSHIP OF LOWER ALLOWAYS CREEK
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

ASSETS	REFERENCE	2022	2021
Animal Control Fund:			
Cash	B-1	\$ 9,102.83	\$ 7,623.63
Total Animal Control Fund		<u>9,102.83</u>	<u>7,623.63</u>
LOSAP			
Investments	B-3	<u>134,941.87</u>	<u>149,354.74</u>
Total LOSAP		<u>134,941.87</u>	<u>149,354.74</u>
Other Trust Funds:			
Cash	B-1	114,109.15	111,917.36
Cash - Self Insurance	B-1	1,882,881.90	9,771,770.65
Investments	B-3	<u>18,866,391.22</u>	<u>10,970,257.57</u>
Total Other Trust Funds:		<u>20,863,382.27</u>	<u>20,853,945.58</u>
Total - All Funds		<u>\$ 21,007,426.97</u>	<u>\$ 21,010,923.95</u>
LIABILITIES & RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$ 3,567.00	\$ 4,331.60
Prepaid Licenses	B-1	-	60.00
Due Current Fund	A	<u>5,535.83</u>	<u>3,232.03</u>
Total Animal Control Fund		<u>9,102.83</u>	<u>7,623.63</u>
LOSAP			
Reserve for LOSAP Benefits	B-4	<u>134,941.87</u>	<u>149,354.74</u>
Total LOSAP		<u>134,941.87</u>	<u>149,354.74</u>
Other Trust Funds:			
Planning Board Escrow	B-4	34,608.95	25,410.20
PSE&G Escrow	B-4	2,110.84	2,300.67
GB LTD Operating Escrow	B-4	1,803.78	1,803.78
Accumulated Absences	B-4	26,555.49	26,555.49
Municipal Alliance Program Income	B-4	8,017.36	8,016.63
Uniform Fire Safety Penalty Monies	B-4	21,275.03	21,278.35
Leisure Arms Escrow	B-4	11,705.10	11,703.83
Public Defender Fees	B-4	3,131.69	3,036.85
Tax Sale Redemptions	B-4	-	9,610.65
Tax Sale Premiums	B-4	4,800.00	2,100.00
Self-Insurance	B-4	20,749,273.12	20,742,028.22
Due Current Fund	A	<u>100.91</u>	<u>100.91</u>
Total Other Funds		<u>20,863,382.27</u>	<u>20,853,945.58</u>
Total - All Funds		<u>\$ 21,007,426.97</u>	<u>\$ 21,010,923.95</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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GENERAL CAPITAL FUND
EXHIBITS

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**TOWNSHIP OF LOWER ALLOWAYS CREEK
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

ASSETS	REFERENCE	2022	2021
Cash	C-1	\$ 10,532,334.59	\$ 24,300,652.72
Investments	C-2	24,929,392.46	12,000,000.00
Grants Receivable	C-3	6,470.42	6,470.42
Total		<u>\$ 35,468,197.47</u>	<u>\$ 36,307,123.14</u>
LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Funded	C-6	482,809.31	673,541.21
Encumbrances Payable	C-5	54,857.70	409,851.47
Capital Improvement Fund	C-4	34,930,530.46	35,223,730.46
		<u>\$ 35,468,197.47</u>	<u>\$ 36,307,123.14</u>

There were no bonds and notes authorized but not issued on December 31, 2022 and 2021.

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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GENERAL FIXED ASSETS ACCOUNT GROUP
EXHIBIT

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**TOWNSHIP OF LOWER ALLOWAYS CREEK
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Land	\$ 771,565.36	\$ 771,565.36
Buildings	2,184,517.79	2,143,996.89
Machinery and Equipment	<u>6,213,758.14</u>	<u>5,940,938.14</u>
Total	<u>\$ 9,169,841.29</u>	<u>\$ 8,856,500.39</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 9,169,841.29</u>	<u>\$ 8,856,500.39</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

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TOWNSHIP OF LOWER ALLOWAYS CREEK

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The financial statements of the Township of Lower Alloways Creek, County of Salem, New Jersey (hereafter referred to as the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S.A. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies that are subject to separate audits.

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 2020 census is 1,729.

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 - GASB Statement 14, as amended by GASB Statements 39, 61, and 90, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, and 90.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - 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. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks, or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Inventories and Supplies - The cost 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985, are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed Property – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use; it will be recorded in the General Fixed Assets Account Group.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance 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 revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Salem, and Lower Alloways Creek Township School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Salem. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Lower Alloways Creek Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district July 1 to June 30.

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

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. As of December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserves for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements - The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township's financial statements.

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2022:

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. The Township has implemented this standard as of December 31, 2022.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 96, Subscription-Based IT Arrangements (SBITA), addresses accounting and financial reports for subscription-based information technology arrangements. The standard requires governments to recognize the subscription-based IT arrangement as an intangible asset and to amortize the intangible asset over the subscription term. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 101, Compensated Absences, updates the recognition and measurement guidance to better meet the information needs of the financial statement users for compensated absences. The standard requires that liabilities for compensated absences be recognized for leave that hasn't been used and leave that has been used but not paid yet. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the Township's financial statements.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2022, the Township's bank balance of \$14,607,265.75 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 14,476,434.99
Uninsured and Uncollateralized	<u>130,830.76</u>
	<u>\$ 14,607,265.75</u>

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township's fair value, hierarchy level and maturities of its investments at December 31, 2022 would be as follows:

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 2. Deposits and Investments (Continued)

<u>Investment type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2022</u>			
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual Funds	\$ 129,564.92	\$ 129,564.92	\$ -	\$ -	\$ 129,564.92
Fixed Account Investment Contract	5,376.95	5,376.95	-	-	5,376.95
U.S. Treasury Securities	46,795,783.68	45,278,703.54	-	-	45,278,703.54
	<u>\$ 46,930,725.55</u>	<u>\$ 45,413,645.41</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,413,645.41</u>
<u>Fund</u>					
Current Fund	\$ 3,000,000.00	\$ 2,603,220.00	\$ -	\$ -	\$ 2,603,220.00
Capital Fund	24,929,392.46	24,558,037.48	-	-	24,558,037.48
Trust Fund - Other	18,866,391.22	17,982,028.43	-	-	17,982,028.43
Trust Fund - LOSAP	134,941.87	134,941.87	-	-	134,941.87
	<u>\$ 46,930,725.55</u>	<u>\$ 45,278,227.78</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,278,227.78</u>

Custodial credit risk related to Investments – This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, 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. N.J.S.A. 40A:5-15.1 limits investments that the Township may purchase. The Township does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Township does not place a limit on the amount that may be invested in any one issuer. The total December 31, 2022, balance of \$46,933,846.93 is recorded in Current Fund for \$3,000,000.00, General Capital Fund for \$24,929,392.46, Trust Other for \$18,866,391.22 and \$138,063.25 Trust Fund – LOSAP.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2022</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$ 1.622</u>	<u>\$ 1.621</u>	<u>\$ 1.510</u>
Apportionment of Tax Rate:			
County	1.621	1.621	1.510

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 3. Property Taxes (continued)

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2022	\$ 121,780.00
2021	121,780.00
2020	103,430.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2022	\$ 3,694,153.24	\$ 3,653,232.14	98.89%
2021	3,687,264.86	3,652,993.94	99.07%
2020	3,248,124.19	3,211,491.48	98.87%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2022	\$ 764.84	\$ 40,126.45	\$ 40,891.29	1.11%
2021	6,361.66	25,219.50	31,581.16	0.86%
2020	30,836.19	31,159.50	61,995.69	1.91%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2022	8
2021	7
2020	8

The last tax sale was held on November 18, 2022.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note: 4: Sewer Utility Service Charges

The following is a three-year comparison of sewer utility charges (rents) and collections for the current and previous two years:

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2022	\$ 34,664.69	\$ 205,102.78	\$ 239,767.47	\$ 178,504.14	74.44%
2021	48,862.36	203,281.08	252,143.44	205,254.84	81.40%
2020	41,938.94	201,356.08	243,295.02	190,607.66	78.34%

Note 5. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and two previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2022	\$ 1,778,339.49	\$ 1,240,263.00	69.74%
2021	3,060,229.61	2,278,716.18	74.46%
2020	1,934,758.84	1,491,367.49	77.08%

Note 6. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 7. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances as of December 31, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 5,636.74	\$ 241,231.47
State and Federal Grant Fund	241,231.47	-
Animal Control Trust	-	100.91
Trust Other Fund	-	5,535.83
	<u>\$ 246,868.21</u>	<u>\$ 246,868.21</u>

The interfund receivables and payables above resulted from December interest earned but not transferred to Current Fund and due to the fact that there is no bank account maintained for Federal and State Grant Funds. All interfund balances are expected to be repaid within one year.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2022.

	Balance December 31, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2022</u>
Land	\$ 771,565.36	\$ -	\$ -	\$ 771,565.36
Buildings and Improvements	2,143,996.89	40,520.90	-	2,184,517.79
Machinery & Equipment	5,940,938.14	350,327.00	(77,507.00)	6,213,758.14
	<u>\$ 8,856,500.39</u>	<u>\$ 390,847.90</u>	<u>\$ (77,507.00)</u>	<u>\$ 9,169,841.29</u>

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, the Township's contractually required contribution to PERS plan was \$154,173.

Components of Net Pension Liability - At December 31, 2022, the Township's proportionate share of the PERS net pension liability was \$1,845,039. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2021. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was 0.012225% which was a decrease of 0.0006% from its proportion measured as of June 30, 2021.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Balances at December 31, 2022 and December 31, 2021

	<u>12/31/2022</u>	<u>12/31/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 223,721	\$ 226,897
Deferred Inflows of Resources	473,109	1,142,680
Net Pension Liability	1,845,039	1,525,781
Township's portion of the Plan's total Net Pension Liability	0.01223%	0.01288%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2022, the Township's proportionate share of the PERS expense/(benefit), calculated by the plan as of the June 30, 2022 measurement date is (\$192,963). This expense/(benefit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$973,269 to the plan in 2022.

At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 13,317	\$ 11,743
Changes of Assumptions	5,717	276,275
Net Difference between Projected and Actual Earnings on Pension Plan Investments	76,364	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	128,323	185,091
	<u>\$ 223,721</u>	<u>\$ 473,109</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	-
June 30, 2018	5.73	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending Dec 31,	Amount
2022	\$ (204,908)
2023	(104,394)
2024	(50,911)
2025	111,068
2026	(243)
	<u>\$ (249,388)</u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

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-2021.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

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

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 2,736,965</u>	<u>\$ 1,845,039</u>	<u>\$ 4,597,630</u>

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

The State's proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of December 31, 2022. The State's proportionate share of the contribution associated with the special funding situation was \$3,882 as of December 31, 2022. These are based on measurements as of June 30, 2022.

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Basis of Presentation - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2021, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2021, the Township's contractually required contributions to PFRS plan was \$365,010.

Net Pension Liability and Pension Expense - At December 31, 2021 the Township's proportionate share of the PFRS net pension liability was \$2,289,142. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2022. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

employers' contributions for the year ended June 30, 2021. The Township's proportion measured as of June 30, 2021, was 0.03132%, which was an increase of 0.00103% from its proportion measured as of June 30, 2020.

Balances at December 31, 2021 and December 31, 2020

	<u>12/31/2021</u>	<u>12/31/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Deferred Outflows of Resources	\$ 590,711	\$ 887,396
Deferred Inflows of Resources	2,082,318	1,301,164
Net Pension Liability	2,289,142	3,912,629
Township's portion of the Plan's total net pension Liability	0.03132%	0.03028%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2021, the Township's proportionate share of the PFRS expense/(benefit), calculated by the plan as of the June 30, 2021 measurement date was \$(180,547). This expense/(benefit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$365,010 to the plan in 2021.

At December 31, 2021, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 26,116	\$ 274,216
Changes of Assumptions	12,181	686,045
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	975,478
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	552,414	146,579
	<u>\$ 590,711</u>	<u>\$ 2,082,318</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
June 30, 2021	-	6.17
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
June 30, 2021	6.17	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	-	5.00
June 30, 2020	5.00	-
June 30, 2021	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90
June 30, 2021	6.17	6.17

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

Year Ending	
<u>Dec 31,</u>	<u>Amount</u>
2022	\$ (477,520)
2023	(358,448)
2024	(307,573)
2025	(303,304)
2026	(38,258)
Thereafter	<u>(6,504)</u>
	<u>\$ (1,491,607)</u>

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Township is \$643,821 as of December 31, 2021. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The State's proportion of the net pension liability associated with the Township 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 members, actuarially determined. The State's proportion measured as of June 30, 2021 was 0.03132%, which was an increase of 0.00103% from its proportion measured as of June 30, 2020, which is the same proportion as the Township's. At December 31, 2021, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 2,289,142
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>643,821</u>
	<u>\$ 2,932,963</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

At December 31, 2021, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2021 measurement date was \$71,703.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
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%
Mortality Rate Table	
	Pub-2010 Safety Classification Headcount weighted mortality
PFRS	with fully generational mortality improvement projections
	from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2013 - June 30, 2018

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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.0%)
Township's Proportionate Share of the Net Pension Liability	\$ 3,475,991	\$ 2,289,142	\$ 1,301,219
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>977,622</u>	<u>643,821</u>	<u>365,968</u>
	<u>\$ 4,453,613</u>	<u>\$ 2,932,963</u>	<u>\$ 1,667,187</u>

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

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, 2020, the Township's proportion was .03132%. At June 30, 2020, the Township's proportionate share of the State's collective net OPEB liability was \$643,821.

*Note that the information presented above is in accordance with Local Finance Notice 2023-10, which differs from the requirements of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

Note 11. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 11. Postemployment Benefits Other Than Pensions (continued)

government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2021 were \$2,851,651 and \$2,698,105, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 11. Postemployment Benefits Other Than Pensions (continued)

expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Special Funding Situation

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

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

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$2,851,651 as of December 31, 2021. The OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2021 was 0.07385%, which was an increase of 0.02445% from its proportion measured as of June 30, 2020, which is the same proportion as the Township's. At December 31, 2021, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township of Lower Alloways	\$ 2,851,651.00

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 11. Postemployment Benefits Other Than Pensions (continued)

At December 31, 2021, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2021 measurement date was \$(389,118).

*Note that the information presented above is in accordance with Local Finance Notice 2023-10, which differs from the requirements of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Note 12. Municipal Debt

During the calendar year 2022, there was no municipal debt incurred by the Township.

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ -	\$ -	\$ -
General Debt	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Net Debt \$0 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$293,683,589.33, equals 0%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars as of December 31, 2022 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 10,278,925.63
Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 10,278,925.63</u>

Note 13. Deferred Compensation Salary Account

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full-time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits 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.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 14. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time.

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, 2022, was \$81,578.75.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2022, the Township has reserved in the Other Trust Fund \$26,555.49 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 15. Risk Management

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

Joint Insurance Pool

The Township is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Township with the following coverage:

Worker's Compensation	\$ 500,000
General Liability	\$1,500,000
Employer's Liability	\$ 500,000
Automobile Liability	\$ 500,000
Employee Dishonesty Liability	\$1,000,000

Note 16. Length of Service Award Program ("LOSAP")

The Township's length of service awards program ("LOSAP"), which is reported in the Township's Trust Other fund, was created by an ordinance adopted on September 10, 2008 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The voters of the Township approved the adoption of the LOSAP at the general election held on November 2008, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2009. The LOSAP provides tax deferred income benefits to active volunteer firefighters and ambulance squad.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 16. Length of Service Award Program (“LOSAP”) (continued)

The tax deferred income benefits for the active volunteer firefighters and ambulance squad serving the residents the Township of Lower Alloways Creek come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$600 per year in the initial plan year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Township elected to contribute between \$300 and \$600 for the year ended December 31, 2021, to be paid in the year ended December 31, 2020, per eligible volunteer, into the Plan. During the year ended December 31, 2022, the District contributed a total of \$6,400 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant’s account is credited with the Township’s contribution and Plan earnings and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the

Township’s creditors until distributed as benefit payments, are not available for funding the operations of the Township. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group (“Plan Administrator”), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Township’s practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting – The active volunteer member shall not be permitted to receive a distribution of the fund in their LOSAP account until the completion of a five-year vesting period.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2021, payouts of \$0 were made to vested participants.

Forfeited Accounts - There were no forfeitures during the year ended December 31, 2022.

Investments - The investments of the length of service awards program reported on the governmental funds balance sheet are recorded at fair value.

Plan Information - Additional information about the Township’s length of service awards program can be obtained by contacting the Plan Administrator at <https://www.lincolnfinancial.com>.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 17. 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.

Note 18. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2022 the Township estimates that no material liabilities will result from such audits.

Litigation

The Township does not have any litigation pending or threatened litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations involving the Township which might materially affect the Township's financial position or results of operations.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2022.

Note 19. 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.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 19. Postemployment Healthcare Plan (continued)

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. 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, 2021, the actuarial accrued liability of benefit obligations for other postemployment benefits were estimated to be:

	<u>2022</u>
For Covered Retired Employees	\$ 17,342,496
For Active or Terminated Vested Participants	1,963,401
For Other Active Participants	<u>7,586,434</u>
Total	\$ 26,892,331
Assets	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 26,892,331</u>

At December 31, 2021, the *Annual Required Contribution of the Employer (ARC)*, for other postemployment benefits was estimated to be:

Normal Cost for OPEB	<u>\$ 465,446.00</u>
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Details of Change in Benefit Obligations

Details of change in actuarial present value of benefit obligations from December 31, 2020 to December 31, 2021:

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 19. Postemployment Healthcare Plan (continued)

Actuarial Present Value of Benefit Obligations on December 31, 2020	\$ 24,416,635
Increase Due to Service Cost (Beginning of Year)	560,645
Increase Due to Interest on Total OPEB Liability	456,769
Decrease Due to Benefits Paid	(1,004,102)
Difference Between Actual and Expected	3,919,494
Change Due to Change in Assumptions	(1,457,110)
Actuarial Present Value of Benefit Obligations on December 31, 2021	<u>\$ 26,892,331</u>

Amortization of Deferred Outflows/Inflows

Type	Years of Amortization	Original Amount	Annual Payment	Balance
Assumption Change	4	\$ (1,457,110)	\$ (364,278)	\$ (1,092,832)

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	
2021	(364,278)
2022	(364,278)
2023	<u>(364,278)</u>
	<u>(1,092,834)</u>

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.

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	<u>\$31,680,635</u>	<u>\$ 26,892,331</u>	<u>\$23,106,312</u>

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	Healthcare Cost Trend	1% Increase
Net OPEB Liability	<u>\$22,916,934</u>	<u>\$ 26,892,331</u>	<u>\$31,942,860</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 19. Postemployment Healthcare Plan (Continued)

Funded Status and Funding Progress - As of December 31, 2021, 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 20. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2022 and September 1, 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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EXHIBIT A-4

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>CURRENT</u>
Balance December 31, 2021	\$ 3,036,320.83
Tax Collector	3,598,988.94
Sewer Collector	142,085.23
Due from State - Senior Citizens & Vets	21,644.52
Revenue Accounts Receivable	7,322,345.59
Refunds	208,035.47
DCA Inspections Fees	31,691.49
Petty Cash	1,100.00
County Energy Receipts Tax	2,195,000.00
Reserve for Municipal Relief Fund	375,337.98
Federal & State Grants Unappropriated	<u>106,583.69</u>
Subtotal	<u>14,002,812.91</u>
	<u>17,039,133.74</u>
Decreased by Disbursements:	
Current Year Appropriations	7,367,512.83
Appropriation Reserves	1,788,009.37
County Taxes	3,692,174.36
County Energy Receipts Tax	2,195,000.00
Due County for Added & Omitted Taxes	202,229.91
DCA Inspections Fees	2,664.00
Petty Cash	1,100.00
Refund of Prior Year Revenue	13,650.53
Reserve for Federal & State Grant	
Funds Appropriated	<u>178,390.48</u>
Total Disbursements	<u>15,440,731.48</u>
Balance December 31, 2022	<u><u>\$ 1,598,402.26</u></u>

EXHIBIT A-5

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Tax Collector	Sewer Collector
	\$	\$
Balance December 31, 2021	-	-
Increased by:		
Taxes Receivable	3,558,772.96	-
Tax Title Lien Receivable	7,786.42	-
Sewer Liens	900.00	-
Prepaid Taxes	72,581.38	-
Sewer Rents	-	179,286.73
Sewer Overpayments	-	1,296.70
Miscellaneous Revenue Not Anticipated	4,117.88	178.05
Subtotal	<u>3,644,158.64</u>	<u>180,761.48</u>
Decreased by:		
Payments to Treasurer	<u>3,598,988.94</u>	<u>142,085.23</u>
Balance December 31, 2022	<u><u>\$ 45,169.70</u></u>	<u><u>\$ 38,676.25</u></u>

EXHIBIT A-6

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Balance	
	12/31/2022	12/31/2021
Office:		
Municipal Court	\$ 150.00	\$ 150.00
Municipal Clerk	40.00	40.00
Tax Collector	<u>100.00</u>	<u>100.00</u>
Total	<u><u>\$ 290.00</u></u>	<u><u>\$ 290.00</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF CURRENT FUND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2022 and 2021	<u><u>\$ 3,000,000.00</u></u>
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Investment	Date of Issue	Maturity	Interest Rate	Market Value	Amortized Cost
Port Authority of NY & NJ	9/28/2012	10/1/2062	4.458%	\$ 3,976,410.00	<u><u>\$ 3,000,000.00</u></u>
					<u><u>\$ 3,000,000.00</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2022**

YEAR	BALANCE DECEMBER 31, 2021	2022 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	CANCELLED	OVERPAYMENTS APPLIED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2022
				2021	2022					
2020	\$ 0.72	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.72
2021	25,218.78	-	731.90	-	25,358.67	-	-	-	-	592.01
Total	25,219.50	-	731.90	-	25,358.67	-	-	-	-	592.73
2022	-	3,692,193.46	1,959.78	73,676.01	3,562,503.70	17,500.00	(802.22)	(447.57)	2,189.60	39,533.72
Total	\$ 25,219.50	\$ 3,692,193.46	\$ 2,691.68	\$ 73,676.01	\$ 3,587,862.37	\$ 17,500.00	\$ (802.22)	\$ (447.57)	\$ 2,189.60	\$ 40,126.45

Cash Receipts	\$ 3,558,772.96
Homestead Rebate	29,089.41
Total	<u>\$ 3,587,862.37</u>

ANALYSIS OF PROPERTY TAX LEVY

General Purpose Tax	\$3,692,193.46
Added & Omitted Taxes	<u>2,691.68</u>
Total	<u>\$3,694,885.14</u>

TAX LEVY:

County Taxes:		
General County Tax	\$ 3,631,957.02	
County Open Space	60,217.34	
Due County for Added & Omitted Taxes	1,959.77	\$3,694,134.13
Add: Additional Tax Levied	<u>45.21</u>	<u>45.21</u>
Total		<u>\$3,694,179.34</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 6,361.66
Increased by:	
Transfers from Taxes Receivable	<u>2,189.60</u>
Subtotal	8,551.26
Decreased by:	
Lien Payments Received	<u>7,786.42</u>
Subtotal	<u>7,786.42</u>
Balance December 31, 2022	<u><u>\$ 764.84</u></u>

**SCHEDULE OF DUE STATE OF NJ
VETERAN AND SENIOR CITIZEN DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 17,305.88
Decreased by:	\$ 19,394.52
Cash Receipts	<u>2,250.00</u>
Deductions Disallowed by Tax Collector	<u>21,644.52</u>
	38,950.40
Decreased by:	
Senior Citizen & Veterans Deductions Per Tax Billings	19,500.00
Deductions Allowed by Tax Collector	<u>250.00</u>
Balance December 31, 2022	<u><u>\$ 19,200.40</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
ANALYSIS OF FORECLOSED PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2022 and 2021

\$ 121,780.00

EXHIBIT A-12

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF SEWER RENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 34,664.69
Increased by:	
Sewer Rents Levied	203,806.08
Sewer Overpayments	<u>1,296.70</u>
Subtotal	239,767.47
Decreased by:	
Cash Receipts	176,555.25
Overpayments Applied	1,948.89
Canceled	2,300.00
Deduction Allowed	675.00
Transferred to Liens	<u>900.00</u>
Subtotal	<u>182,379.14</u>
Balance December 31, 2022	<u><u>\$ 57,388.33</u></u>

EXHIBIT A-13

**SCHEDULE OF SEWER LIENS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 900.00
Increased by:	
Transfers from Sewer Rents	<u>900.00</u>
Subtotal	1,800.00
Decreased by:	
Cash Receipts	<u>900.00</u>
Subtotal	<u>900.00</u>
Balance December 31, 2022	<u><u>\$ 900.00</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DECEMBER 31, 2021	ACCRUED IN 2022	REALIZED	BALANCE DECEMBER 31, 2022
Miscellaneous Revenue Anticipated				
Fines & Costs:				
Municipal Court	\$ 440.64	\$ 6,644.43	\$ 6,684.47	\$ 400.60
Interest on Investments and Deposits	-	1,322,704.29	1,322,704.29	-
Trash Agreement	-	250,626.54	250,626.54	-
Leisure Arms Rentals	-	140,776.26	140,776.26	-
Energy Receipts Tax	-	5,000,361.00	5,000,361.00	-
Garden State Trust	-	35,841.00	35,841.00	-
Uniform Construction Code	-	22,353.00	22,353.00	-
Shared Service Agreement				
Elsinboro Township Police Servies	-	102,878.04	102,878.04	-
Senior Citizen Lunch Program	-	29,660.00	29,660.00	-
Miscellaneous Revenue Not Anticipated				
Interest & Costs on Taxes	-	11,735.49	11,735.49	-
Interest & Costs on Sewer Rents	-	178.05	178.05	-
Planning & Zoning Fees	-	3,850.00	3,850.00	-
Fuel Reimbursement	-	39,658.19	39,658.19	-
Refunds & Settlements	-	246,223.62	246,223.62	-
Dumpster Fees	-	9,700.00	9,700.00	-
Fios Franchise Fee	-	16,633.33	16,633.33	-
Bulk Stickers	-	3,907.00	3,907.00	-
Other Fees and Permits Clerk	262.00	3,028.00	3,028.00	262.00
Boat Ramp Passes	-	8,130.00	8,130.00	-
Mobile Home Fees	-	2,400.00	2,400.00	-
Miscellaneous	-	62,507.73	62,507.73	-
Senior Citizen & Veterans Administrative Fee	-	387.89	387.89	-
Recycling	-	2,299.74	2,299.74	-
Total Miscellaneous Revenues	\$ 702.64	\$ 7,322,483.60	\$ 7,322,523.64	\$ 662.60

Sewer Collector
Treasurer

\$ 178.05
7,322,345.59

\$ 7,322,523.64

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DEC. 31, 2021		BUDGET AFTER	PAID OR	BALANCE
	RESERVED	ENCUMBERED	MODIFICATION	CHARGED	LAPSED
General Government Functions:					
Purchasing Department					
Salaries and Wages	\$ 38.12	\$ -	\$ 38.12	\$ -	\$ 38.12
Other Expenses	1,126.64	-	1,126.64	144.04	982.60
Mayor and Township Committee:					
Salaries and Wages	820.00	-	820.00	-	820.00
Other Expenses	563.00	121.00	684.00	121.00	563.00
Township Clerk:					
Salaries and Wages	144.02	-	144.02	-	144.02
Printing and Legal Advertising	464.92	-	464.92	35.04	429.88
Other Expenses	2,855.39	2,987.54	5,842.93	3,305.32	2,537.61
Financial Administration:					
Salaries and Wages	38.12	-	38.12	-	38.12
Other Expenses	1,085.10	6,110.00	7,195.10	6,110.00	1,085.10
Collection of Taxes:					
Salaries and Wages	19.42	-	19.42	14.88	4.54
Other Expenses	3,940.77	-	3,940.77	-	3,940.77
Tax Assessments Administration:					
Salaries and Wages	16.98	-	16.98	-	16.98
Other Expenses	511.47	428.25	939.72	425.03	514.69
Legal Services:					
Other Expenses	6,241.64	926.51	7,168.15	383.53	6,784.62
Engineering Services & Costs	1,000.00	581.73	1,581.73	232.55	1,349.18
Municipal Court:					
Salaries and Wages	7,060.63	-	7,060.63	-	7,060.63
Other Expenses	1,989.15	114.00	2,103.15	114.00	1,989.15
Public Defender:					
Other Expenses	625.00	-	625.00	-	625.00
Land Use Administration:					
Planning Board:					
Other Expenses	933.58	-	933.58	-	933.58
Zoning Board and Board of Adjustment					
Salaries and Wages	136.00	-	136.00	-	136.00
Insurance:					
Self Insurance Program	4,963.00	-	4,963.00	-	4,963.00
Employee Group Health	87,898.45	6,200.00	94,098.45	3,627.60	90,470.85
Public Safety Functions:					
Police:					
Salaries and Wages	793.18	-	793.18	-	793.18
Other Expenses	42,590.20	34,549.82	77,140.02	37,776.64	39,363.38
Police Radio and Communications					
Other Expenses	804.70	-	804.70	-	804.70
Office of Emergency Management:					
Salaries and Wages	325.88	-	325.88	-	325.88
Other Expenses	1,678.33	-	1,678.33	-	1,678.33
Fire					
Other Expenses	150.21	1,428.00	1,578.21	-	1,578.21
Fire Inspection					
Salaries and Wages	58.00	-	58.00	-	58.00
Rescue					
Other Expenses	12,710.60	-	12,710.60	4,336.61	8,373.99
Municipal Prosecutor:					
Other Expenses	51.49	647.45	698.94	698.90	0.04

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DEC. 31, 2021		BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED			
Public Works Functions:					
Supervisor of Public Works					
Salaries and Wages	1,874.00	-	1,874.00	1,706.00	168.00
Other Expenses	1,864.01	-	1,864.01	75.00	1,789.01
Streets & Roads Maintenance:					
Salaries and Wages	75,827.93	-	75,827.93	-	75,827.93
Other Expenses	17,945.34	25,116.00	43,061.34	9,658.85	33,402.49
Municipal Garage	34,796.70	8,566.05	43,362.75	10,777.88	32,584.87
Solid Waste Collection:					
Salaries and Wages	15,823.55	-	15,823.55	-	15,823.55
Other Expenses	14,733.79	-	14,733.79	3,861.68	10,872.11
Public Building & Grounds:					
Other Expenses	29,500.08	14,549.91	44,049.99	18,264.49	25,785.50
Mosquito Control					
Other Expenses	3,000.00	-	3,000.00	-	3,000.00
Health and Welfare:					
Public Health Services (Board of Health)					
Other Expenses	500.00	-	500.00	-	500.00
Animal Control Program:					
Other Expenses	14,083.00	700.00	14,783.00	5,400.00	9,383.00
Tidelands License and Lease Fee					
Other Expenses	172.00	-	172.00	-	172.00
Park and Recreation :					
Farmland Preservation Program					
Other Expenses	6,000.00	-	6,000.00	-	6,000.00
Parks and Playgrounds:					
Other Expenses	282.30	-	282.30	-	282.30
Historical Sites:					
Other Expenses	210.36	-	210.36	205.00	5.36
Other Common Operating Functions					
Housing Program					
Other Expenses	1,680.58	2,129.00	3,809.58	2,584.33	1,225.25
Senior Citizen Lunch Program					
Salaries and Wages	4,341.08	-	4,341.08	-	4,341.08
Other Expenses	5,048.68	2,307.54	7,356.22	-	7,356.22
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	905.95	-	905.95	-	905.95
Utility Expense and Bulk Purchases					
Electricity	25,045.52	-	25,045.52	93.92	24,951.60
Street Lighting	4,476.68	-	4,476.68	21.27	4,455.41
Telephone	4,241.62	221.86	4,463.48	214.68	4,248.80
Heating Oil	6,181.36	3,077.54	9,258.90	3,077.54	6,181.36
Sewer System					
Salaries and Wages	112.00	-	112.00	-	112.00
Other Expenses	16,808.77	23,273.34	40,082.11	9,658.61	30,423.50
Gasoline	18,863.38	-	18,863.38	7,813.26	11,050.12
Landfill and Solid Waste Disposal Costs					
Solid Waste Disposal Costs					
Other Expenses	14,009.80	-	14,009.80	4,295.40	9,714.40
Appropriation Offset By Dedicated Revenues:					
State Uniform Construction Code					
Construction Official:					
Salaries and Wages	146.16	-	146.16	-	146.16
Other Expenses	669.58	341.84	1,011.42	201.84	809.58
Plumbing Inspection:					
Salaries and Wages	190.99	-	190.99	-	190.99
Electrical Subcode Official					
Salaries and Wages	1,541.55	-	1,541.55	-	1,541.55
Contingent	2,000.00	-	2,000.00	-	2,000.00
Total Operations Within "CAPS"					
Including Contingent	\$ 504,510.75	\$ 134,377.38	\$ 638,888.13	\$ 135,234.89	\$ 503,653.24
Detail:					
Salaries and Wages	109,195.61	-	109,195.61	1,720.88	107,474.73
Other Expenses	395,315.14	134,377.38	529,692.52	133,514.01	396,178.51

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DEC. 31, 2021		BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	RESERVED	ENCUMBERED			
Deferred Charges & Statutory Expenditures					
Municipal Within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I.)	15,391.03	-	15,391.03	130.52	15,260.51
Unemployment Insurance	2,136.74	-	2,136.74	10.24	2,126.50
Total Deferred Charges & Statutory					
Expenditures Within "CAPS"	<u>17,527.77</u>	<u>-</u>	<u>17,527.77</u>	<u>140.76</u>	<u>17,387.01</u>
			-		
Total General Appropriations for					
Municipal Purposes Within "CAPS"	<u>522,038.52</u>	<u>134,377.38</u>	<u>656,415.90</u>	<u>135,375.65</u>	<u>521,040.25</u>
Public Safety Functions:					
Length of Service Awards Program (P.L.1997,c.388)	8,000.00	-	8,000.00	6,400.00	1,600.00
Recycling Tax					
Other Expenses	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>	<u>433.72</u>	<u>4,566.28</u>
					-
Total Other Operations - Excluded from "CAPS"	<u>13,000.00</u>	<u>-</u>	<u>13,000.00</u>	<u>6,833.72</u>	<u>6,166.28</u>
			-		-
Transferred to Board of Education for Use in					
Local Schools (NJSA 40:48)	<u>-</u>	<u>1,645,800.00</u>	<u>1,645,800.00</u>	<u>1,645,800.00</u>	<u>-</u>
Total Appropriations	<u>\$ 535,038.52</u>	<u>\$ 1,780,177.38</u>	<u>\$ 2,315,215.90</u>	<u>\$ 1,788,009.37</u>	<u>\$ 527,206.53</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$ 1,832,379.68	
Increased by:			
Current Year Appropriations		<u>1,738,295.90</u>	
			3,570,675.58
Decreased by:			
Payments	\$ 1,780,177.38		
Canceled	<u>52,202.30</u>	<u>1,832,379.68</u>	
Balance December 31, 2022		<u><u>\$ 1,738,295.90</u></u>	

**TOWNSHIP OF LOWER ALLOWAYS CREEK
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$ -
Increased by:		
County Tax	\$ 3,631,957.02	
County Open Space Tax	60,217.34	3,692,174.36
		<hr/>
Subtotal		3,692,174.36
Decreased by:		
Disbursements		<hr/> 3,692,174.36
Balance December 31, 2022		<hr/> <hr/> \$ -

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$ 202,229.91
Increased by:		
County Share of Added Taxes		<hr/> 1,959.77
Subtotal		204,189.68
Decreased by:		
Disbursements		<hr/> 202,229.91
Balance December 31, 2022		<hr/> <hr/> \$ 1,959.77

**TOWNSHIP OF LOWER ALLOWAYS CREEK
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>FEDERAL AND STATE GRANTS</u>	BALANCE DECEMBER 31, 2021	CASH RECEIPTS	REALIZED AS REVENUE IN DECEMBER 31, BUDGET	BALANCE DECEMBER 31, 2022
ARP Coronavirus	\$ -	\$ 87,502.91	\$ 87,502.91	\$ -
Body Armor Fund	1,284.66	1,990.33	1,284.66	1,990.33
Municipal Court Alcohol Education	83.35	-	83.35	-
Clean Communities	17,174.12	9,209.54	17,174.12	9,209.54
Recycling Tonnage Grant	10,656.62	7,880.91	10,656.62	7,880.91
Total Grants	<u>\$ 29,198.75</u>	<u>\$106,583.69</u>	<u>\$116,701.66</u>	<u>\$ 19,080.78</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DECEMBER 31, 2021	TRANSFER FROM BUDGET APPROPRIATION	EXPENDED	UTILIZED IN CURRENT FUND BUDGET	BALANCE DECEMBER 31, 2022
Drunk Driving Enforcement Fund	\$ 10,949.07	\$ -	\$ -	\$ -	\$ 10,949.07
Body Armor Grant	1,204.38	1,284.66	1,284.66	-	1,204.38
Alcohol Rehabilitation Grant	12,585.98	83.35	-	-	12,669.33
Clean Communities	48,264.91	17,174.12	2,100.00	-	63,339.03
Recycling Tonnage Grant	111,848.62	10,656.62	-	-	122,505.24
Federal Grants:					
Buffer Zone Protection Program	4,909.98	-	-	-	4,909.98
Municipal Stormwater Regulation Program	6,573.66	-	-	-	6,573.66
American Rescue Funds	87,502.91	87,502.91	-	175,005.82	-
Total All Grants	<u>\$ 283,839.51</u>	<u>\$ 116,701.66</u>	<u>\$ 3,384.66</u>	<u>\$ 175,005.82</u>	<u>\$ 222,150.69</u>

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TRUST FUND

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**TOWNSHIP OF LOWER ALLOWAYS CREEK
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Dog Licenses	Self-Insurance	Other
Balance December 31, 2021	\$ 7,623.63	\$ 9,771,770.65	\$ 111,917.36
Increased by Receipts:			
Animal Control	\$ 2,374.00	\$ -	\$ -
Planning Board Escrow	-	-	18,585.16
PSE&G Escrow	-	-	0.29
Municipal Alliance Program Income	-	-	2.00
Leisure Arms Escrow	-	-	989.61
Public Defender Fees	-	-	100.00
Tax Sale Premiums	-	-	2,700.00
Self-Insurance	-	151,735.37	-
Total Increases	<u>2,374.00</u>	<u>151,735.37</u>	<u>22,377.06</u>
Total Increases & Balances	<u>9,997.63</u>	<u>9,923,506.02</u>	<u>134,294.42</u>
Dog Registration Fees - Due State of New Jersey	894.80	-	-
Planning Board Escrow	-	-	9,386.41
PSE&G Escrow	-	-	190.12
Municipal Alliance Program Income	-	-	1.27
Uniform Fire Safety Penalty Monies	-	-	3.32
Leisure Arms Escrow	-	-	988.34
Tax Sale Redemptions	-	-	9,610.65
Investment Purchases	-	7,896,133.65	-
Self-Insurance	-	144,490.47	-
Due to Current Fund	-	-	5.16
Total Disbursements	<u>894.80</u>	<u>8,040,624.12</u>	<u>20,185.27</u>
Balance December 31, 2022	<u>\$ 9,102.83</u>	<u>\$ 1,882,881.90</u>	<u>\$ 114,109.15</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$	4,331.60
Increased by:			
Receipts:			
Animal Control Fees			<u>2,374.00</u>
Subtotal			6,705.60
Decreased by:			
Dog License Expenses	\$	894.80	
Statutory Excess Due Current		<u>2,243.80</u>	<u>3,138.60</u>
Balance December 31, 2022		\$	<u><u>3,567.00</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2021	\$ 1,515.00
2020	<u>2,052.00</u>
Total	<u><u>\$ 3,567.00</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
TRUST FUNDS
SCHEDULE OF INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

	LOSAP	Self-Insurance
Balance December 31, 2021	\$ 149,354.74	\$ 10,970,257.57
Increased by:		
Deposits	6,400.00	-
Investment Purchase	-	7,875,798.70
Gain on Investment	-	20,334.95
	<hr/>	<hr/>
Subtotal	6,400.00	7,896,133.65
	<hr/>	<hr/>
Decreased by:		
Administrative Fees	1,150.00	-
Paid to Retirees	19,662.87	-
	<hr/>	<hr/>
Subtotal	20,812.87	-
	<hr/>	<hr/>
Balance December 31, 2022	<u>\$ 134,941.87</u>	<u>\$ 18,866,391.22</u>

Self-Insurance

Investment	Date of		Interest Rate	Market Value	Amortized Cost
	Issue	Maturity			
NJEDA St Pension	6/15/1997	2/15/2029	7.425%	\$ 2,513,660.00	\$ 1,988,019.31
NJEDA St Pension	6/15/1997	2/15/2029	7.425%	3,229,500.00	2,986,281.80
NJEDA St Pension	4/6/2009	2/15/2029	7.425%	1,355,313.50	1,267,498.25
US Treasury	4/5/2022	3/15/2025	1.800%	2,945,782.00	2,945,782.00
US Treasury	3/21/2022	2/29/2024	1.510%	4,819,500.00	4,976,321.00
NJ State Transportation Trust Fund	12/15/2020	6/15/2039	5.000%	315,012.50	294,240.00
NJ State Transportation Trust Fund	12/15/2020	6/15/2038	5.000%	316,017.50	294,597.92
NJ State Transportation Trust Fund	12/15/2020	6/15/2037	5.000%	317,080.00	295,903.53
NJ State Transportation Trust Fund	12/15/2020	6/15/2036	5.000%	318,275.00	296,501.41
NJ State Transportation Trust Fund	12/15/2020	6/15/2035	5.000%	319,365.00	298,196.00
NJ State Transportation Trust Fund	12/15/2020	6/15/2050	4.000%	2,569,432.50	2,454,110.55
NJ State Transportation Trust Fund	12/15/2020	6/15/2045	4.000%	516,550.50	490,898.00
NJ State Transportation Trust Fund	12/15/2022	6/15/2023	4.000%	291,942.50	278,041.45
				<hr/>	<hr/>
				<u>\$ 19,827,431.00</u>	<u>\$ 18,866,391.22</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
TRUST OTHER FUND
SCHEDULE OF TRUST FUND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2022**

PURPOSE	BALANCE DECEMBER 31, 2021	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2022
Planning Board Escrow	\$ 25,410.20	\$ 18,585.16	\$ 9,386.41	\$ 34,608.95
PSE&G Escrow	2,300.67	0.29	190.12	2,110.84
GB LTD Operating Escrow	1,803.78	-	-	1,803.78
Accumulated Absences	26,555.49	-	-	26,555.49
Municipal Alliance Program Income	8,016.63	2.00	1.27	8,017.36
Uniform Fire Safety Penalty Monies	21,278.35	-	3.32	21,275.03
Leisure Arms Escrow	11,703.83	989.61	988.34	11,705.10
Public Defender Fees	3,036.85	100.00	5.16	3,131.69
Tax Sale Redemptions	9,610.65	-	9,610.65	-
Tax Sale Premiums	2,100.00	2,700.00	-	4,800.00
LOSAP Benefits	149,354.74	6,400.00	20,812.87	134,941.87
Self-Insurance	20,742,028.22	151,735.37	144,490.47	20,749,273.12
Total	<u>\$ 21,003,199.41</u>	<u>\$ 180,512.43</u>	<u>\$ 185,488.61</u>	<u>\$ 20,998,223.23</u>

GENERAL CAPITAL FUND

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**TOWNSHIP OF LOWER ALLOWAYS CREEK
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021			\$ 24,300,652.72
Decreased by Disbursements:			
Investment Purchases	\$ 12,929,392.46		
Encumbrances Payable	409,851.47		
Improvement Authorizations	429,074.20	13,768,318.13	
Balance December 31, 2022			<u>\$ 10,532,334.59</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 12,000,000.00
Increased by:	
Investment Purchases	12,854,302.13
Amortization of Premium	<u>75,090.33</u>
Balance December 31, 2022	<u><u>\$ 24,929,392.46</u></u>

Investment	Date of		Interest Rate	Market Value	Amortized Cost
	Issue	Maturity			
U.S. Treasury Bonds	4/20/2012	2/15/2042	0.75%	\$ 7,735,564.45	\$ 4,997,157.27
NJ State Turnpike	8/20/2012	1/1/2040	7.41%	8,048,650.00	6,948,454.36
U.S. Treasury Bonds	10/5/2022	9/15/2025	3.56%	8,850,056.00	8,981,657.76
U.S. Treasury Bonds	7/12/2022	6/30/2024	3.00%	4,004,246.13	<u>4,002,123.07</u>
					<u><u>\$ 24,929,392.46</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Balance Dec. 31, 2021	Receipts Miscellaneous	Disbursements		Transfers	Balance Dec. 31, 2022
			Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	\$ 35,223,730.46	\$ -	\$ -	\$ -	\$(293,200.00)	\$34,930,530.46
Encumbrances Payable	409,851.47	-	-	-	(354,993.77)	54,857.70
Grants Receivable	(6,470.42)	-	-	-	-	(6,470.42)
Improvement Authorizations:						
ORDINANCE						
NUMBER	DESCRIPTION					
2011-09	Solar Electric Generation Equipment	3,700.61	-	-	-	3,700.61
2012-05	Repairs and Related Costs to the Alloway Creek Bank	12,100.92	-	(9,467.75)	-	2,633.17
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
2018-04	Resurfacing Alloway Creek Neck Road	15,572.37	-	-	-	15,572.37
2019-03	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck	7,250.00	-	(46,259.60)	46,259.60	7,250.00
2019-03	Purchase of a Fire Truck	14,527.59	-	-	-	14,527.59
2021-04	Building & Grounds Equipment, Public Safety Equipment, Public Works Equipment and School Materials	111,108.64	-	(342,737.54)	309,906.67	78,277.77
2021-08	Resurfacing Alloway Creek Neck Road	240,000.00	-	(223,266.75)	-	16,733.25
2021-09	Street and Road Maintenance	200,000.00	-	(42,498.76)	(1,172.50)	156,328.74
2022-02	Building & Grounds Equipment, Public Safety Equipment, Public Works Equipment and School Materials	-	-	(174,695.27)	193,200.00	18,504.73
2022-04	Broadband and Cellular Communications Tower	-	-	-	100,000.00	100,000.00
Total		\$ 36,300,652.72	\$ -	\$ (838,925.67)	\$ -	\$35,461,727.05

EXHIBIT C-4

**TOWNSHIP OF LOWER ALLOWAYS CREEK
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 35,223,730.46
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>293,200.00</u>
Balance December 31, 2022	<u><u>\$ 34,930,530.46</u></u>

EXHIBIT C-5

**GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 409,851.47
Increased by:	
Charges to Improvement Authorizations	<u>54,857.70</u>
Decreased by:	
Payments	<u>409,851.47</u>
Balance December 31, 2022	<u><u>\$ 54,857.70</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE AMOUNT	BALANCE DEC. 31, 2021		AUTHORIZATIONS	TRANSFER FROM			BALANCE DEC. 31, 2022
			FUNDED	UNFUNDED		ENCUMBRANCES	EXPENDED	ENCUMBERED	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	12,100.92	-	-	19,500.00	-	19,500.00	12,100.92
2012-06	Resurfacing Alloway Creek Neck Road	470,000.00	38,964.94	-	-	-	9,467.75	-	29,497.19
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
2018-04	Resurfacing Alloway Creek Neck Road	30,000.00	15,572.37	-	-	-	-	-	15,572.37
	and Grounds, and Purchase of a Trash Truck	150,000.00	7,250.00	-	-	-	-	-	7,250.00
2019-03	Purchase of a Fire Truck	450,000.00	14,527.59	-	-	-	-	-	14,527.59
2018-08	Purchase of a New Trash Truck	350,000.00	-	-	-	46,259.60	46,259.60	-	-
2021-04	Building & Grounds Equipment, Public Safety Equipment, Public Works Equipment and School Materials	575,000.00	111,108.64	-	-	344,091.87	342,737.54	34,185.20	78,277.77
2021-08	Resurfacing Alloway Creek Neck Road	240,000.00	240,000.00	-	-	-	223,266.75	-	16,733.25
2021-09	Street and Road Maintenance	200,000.00	200,000.00	-	-	-	42,498.76	1,172.50	156,328.74
2022-02	Building & Grounds Equipment, Public Safety Equipment, Public Works Equipment and School Materials	193,200.00	-	-	193,200.00	-	174,695.27	-	18,504.73
2022-04	Broadband and Cellular Communications Tower	100,000.00	-	-	100,000.00	-	-	-	100,000.00
Total			\$ 673,541.21	\$ -	\$ 293,200.00	\$ 409,851.47	\$ 838,925.67	\$ 54,857.70	\$ 482,809.31

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SUPPLEMENTARY DATA

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TOWNSHIP OF LOWER ALLOWAYS CREEK

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2022

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**TOWNSHIP OF LOWER ALLOWAYS CREEK
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Financial Statement Findings

Finding 2022-001

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.

Cause:

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

Effect or potential effect:

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

Recommendation:

The Chief Financial Officer ensure that required journal entries and transitions are recorded to the general ledger and subsidiary ledgers to constitute a complete accounting system.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

**TOWNSHIP OF LOWER ALLOWAYS CREEK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Finding No. 2021-001

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.

Current Status:

This finding has not been corrected. See Finding 2022-001.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

N/A – No State Single Audit in prior year.

TOWNSHIP OF LOWER ALLOWAYS CREEK

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2022:

<u>Name</u>	<u>Title</u>
Timothy Bradway	Mayor
Laura T. Crane	Committee Member
Paul M. Collier	Committee Member
Jefferey P. Palombo	Committee Member
Richard W. Venable, Sr	Committee Member
Kevin S. Clour	Chief Financial Officer
Ronald L. Campbell	Municipal Clerk
Michelle Allen	Tax Collector

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year ended December 31, 2022.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$44,000 for the year ended December 31, 2022.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises 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.

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 any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, 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, 2022 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.

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 nonpayment 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, 2022, an additional penalty of 6% shall be charged against the delinquency.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

OTHER COMMENTS (FINDINGS):

***Finding 2022-001** (*Finding 2021-001 in the Schedule of Financial Statements Findings Section*)

The general ledger does not include all required journal entries to lapse appropriation reserves, cancel encumbrances, adjust interfund receivables/payables, record the tax levies, transfer delinquent taxes to tax title liens, record tax appeals, and recognize tax overpayments. Expenditures for appropriation reserves were commingled with current year appropriations and accounts payable.

*Denotes Prior Year Finding.

RECOMMENDATIONS:

Finding 2022-001

Recommendation:

The Chief Financial Officer ensure that required journal entries and transitions are recorded to the general ledger and subsidiary ledgers to constitute a complete accounting system.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

A handwritten signature in black ink that reads "Michael Holt". The signature is written in a cursive, flowing style.

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
September 1, 2023



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

September 6, 2023

Mr. Ron Campbell
Lower Alloways Creek Township
501 Locust Island Road
Hancocks Bridge, NJ 08038

Dear Mr. Campbell:

Please find enclosed three (3) bound copies of our report on the examination of the financial statements and supplementary data of the Township of Lower Alloways Creek, County of Salem, for the year ended December 31, 2022, together with our comments and recommendations. These reports should be retained in your permanent files.

Also attached are copies of the Municipal Court Report, the Animal Control Activity Report and the Uniform Construction Code Enforcement Fee Report. These reports along with the final financial statements have been uploaded into the FAST Audit Module.

The provisions of N.J.S.A. 40A:5-7 requires you to publish at least once in the official newspaper of the Municipality a synopsis of all audits with recommendations. In order to assist you to comply with this requirement, the enclosed synopsis of our audit has been prepared together with any recommendations. Also enclosed for your convenience is the Group Affidavit.

We have emailed your audit report for your files. This report should be used for submission, to the Electronic Municipal Market Access (EMMA) on the Website emma.msrb.org, if applicable and to any other agencies that may also request an electronic copy.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Michael Holt

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA #473

MH/kg
Encls.

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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

We have audited the statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Lower Alloways Creek, as of December 31, 2022 and 2021 and the related statements of operations and changes in fund balance - regulatory basis for the year then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies in accordance with accounting policies prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The significant accounting policies used by the Township are described in Note 1 to the financial statements. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 1, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Auditing findings that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey can be found in the Schedule of Financial Statement Findings section of the audit. This section identifies any significant deficiencies, material weaknesses or instances of noncompliance related to the basic financial statements.

We have also submitted a Letter of Comments and Recommendations section which is a separate report required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey where we report certain other findings that should be brought to the attention of the governing body but are not required to be reported under *Governmental Accounting Standards*. We would also provide our recommendation to each finding.

Other Matters

With respect to the supplemental schedules of the various funds accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements.

We compared and reconciled the supplementary schedules of the various funds to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Restriction on Use

This information is intended solely for the use of the governing body and management of the Township of Lower Alloways Creek is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

A handwritten signature in black ink that reads "Michael Holt". The signature is written in a cursive, flowing style.

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
September 1, 2023

ANNUAL AUDIT REPORT FOR THE YEAR 2022

MUNICIPAL COURT OF **Lower Alloway Creek, Township of** **COUNTY OF Salem**

MUNICIPAL COURT STATUS: SINGLE JOINT X SHARED

COURT ADDRESS: 501 Locust Island Road
P.O. Box 157
Hancocks Bridge, NJ 08038

PHONE: (856) 935-1957

JUDGE: Nicholas Lacovara

COURT DIRECTOR: _____

COURT ADMINISTRATOR: Debra Scott

AUDITOR'S INFORMATION RMA #: 473 DATE: September 1, 2023

NAME: Michael Holt

SIGNATURE: Michael Holt

**ADDRESS: 618 Stokes Road
Medford, NJ 08055**

JUDICIARY'S CONTACT INFORMATION

MUNICIPAL DIVISION MANAGER: Ashley Wolk

ADDRESS: 19 North Broad Street

CITY, STATE, ZIP: Woodbury, NJ 08096

TELEPHONE: 856-878-5050 ext. 15206

RECEIPTS AND DISBURSEMENTS FOR YEAR 2022

	Balance December 31, 2021	Receipts Allocated To	Disbursements Allocated To	Balance December 31, 2022
State of New Jersey:	462.29	4,518.91	4,851.94	129.26
Bail Account:	55.00	1,649.00	1,704.00	-
County:	331.00	2,833.75	3,009.75	155.00
Municipality:				
Costs	477.64	6,710.43	6,797.47	390.60
Local Parking	-	2.00	2.00	-
SPCA	20.00	70.00	80.00	10.00
Other:				
Fish & Game		200.00	200.00	-
Totals	\$ 1,345.93	15,984.09	16,645.16	684.86

Was the ending balance disbursed by the 15th of the next month:

☒ YES ☐ NO

If not, explain _____

GENERAL MUNICIPAL COURT INFORMATION

1. LIST ALL STAFF MEMBERS WHO ARE BONDED

AMOUNT OF BOND

Judge	<u>Nicholas Lacovara</u>	<u>\$1,000,000</u>
Court Director		
Court Administrator	<u>Debra Scott</u>	<u>\$1,000,000</u>
Court Administrator	_____	_____
Deputy Court Adm.	_____	_____
Deputy Court Adm.	_____	_____
_____	_____	_____
_____	_____	_____

2. ARE STAFF INDIVIDUALLY BONDED OR UNDER A JIF BOND

☐ IND ☒ JIF

If bonded individually are amounts in conformance with NJAC 5:30-8.4?

☐ YES ☐ NO

Minimum _____ Recommended _____

3. Is the court administrator certified pursuant to statute?

☒ YES ☐ NO

Is the court administrator's certification in good standing?

☒ YES ☐ NO

If not, provide current status? _____

4. When does the Judge's term expire?

5. If a joint court, has the Judge received a Governor's appt?

☒ YES ☐ NO

BUDGETARY INFORMATION

- | | | |
|---|-------------|---|
| 1. Amount paid or charged in <u>2022</u> for salary of Judge in S & W | \$10,845.64 | |
| 2. Amount paid for all other staff salaries in S & W | \$8,380.27 | |
| 3. Amount charged for Other Expenses | \$2,409.06 | |
| 4. Was the budget submitted and approved by Assignment Judge? | | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |

OFFICE CONTROL

- | | |
|--|---|
| 1. Is an approved statewide Violations Bureau Schedule prominently posted? | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 2. Does the court have an approved Local Violations Bureau Schedule? | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 2. a. If so, is it properly posted? | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 3. Are uniform traffic tickets serially numbered, properly controlled and accounted for? | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 4. Does the court void tickets or complaints in accordance with Directive 02-08?
If not, provide details _____ | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 5. Are complaints eligible for destruction disposed of in a timely and proper manner? | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 6. Is the auditor's approval received for all financial records approved for destruction?
If not, provide details _____ | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 7. Are manual receipts serially numbered, properly controlled and accounted for?
If not, provide details _____ | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |

DAILY FINANCIAL PROCEDURES

- | | |
|--|---|
| 1. Are separate lockable, cash boxes used by each employee that receipts money? | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 2. Who is responsible for completing the Daily Bank Deposit? | <u>Court Administrator</u> |
| 3. Are the un-validated and validated bank deposit slips attached to the daily journal? | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 4. Who is responsible for transporting the Daily Deposit to the bank? | <u>Courier Service</u> |
| 5. What security procedures are followed when transporting the money to the bank? | <u>Security</u>
<u>procedures undertaken by courier service</u> |
| 6. Are deposits made within 48 hours pursuant to statute?
If not, provide details with dates _____ | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 7. Do the deposit slips match the totals provided by the Daily Journals?
If not, provide details with dates _____ | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |

8. Do the deposit slips match the individual cash/check amounts provided
by the Daily Journals?

☒ YES ☐ NO

If not, provide details with dates _____

9. Are overages /shortages or help desk calls documented with the daily journals?

☒ YES ☐ NO

If not, provide details with dates _____

10. As of what date or dates was cash counted, reconciliation made and bank balance confirmed?

Cash counted on 5/26/23. Bank Balance Confirmed as of 12/31/2023.

11. Change fund amount

Does this amount conform with municipal records?

☒ YES ☐ NO

MONTHLY FINANCIAL PROCEDURES

1. Are separate general and bail accounts maintained?

☒ YES ☐ NO

2. Is the court utilizing the monthly cashbook?

☒ YES ☐ NO

3. Who is responsible for the financial procedures?

☐ DIRECTOR ☒ MCA ☐ DCA OTHER _____

4. Does the monthly disbursements checks equal account totals on Part V of the Monthly Cashbook?

☒ YES ☐ NO

5. Are monthly disbursements made before the 15th of each month?

☒ YES ☐ NO

If not, provide details _____

6. Does the general account accrue interest?

☒ YES ☐ NO

Bail Account?

☒ YES ☐ NO

Is the interest disbursed each month?

☒ YES ☐ NO

7. Are the overpayment checks written on a monthly basis?

☒ YES ☐ NO

8. Are restitution checks promptly written?

☒ YES ☐ NO

9. Are the outstanding public defender fees turned over to the municipality

for collection on cases that have been adjudicated?

☒ YES ☐ NO

10. Are the reconciliations completed within 10 days of receipt of the bank statements? ☒ YES ☐ NO

If not, provide details _____

11. Are fiscal records kept secured in the court office?

☒ YES ☐ NO

If not, provide details _____

BAIL PROCEDURES

1. Is bail collected by the police properly and promptly turned over to the court

☒ YES ☐ NO

If not, provide details _____

2. Are bail refunds done in a timely manner?

☒ YES ☐ NO

3. Are refund checks made out to the surety?

☒ YES ☐ NO

4. Are bail forfeitures done in a timely manner? ☒ YES ☐ NO
5. Are judgments filed timely and in accordance with procedures? ☒ YES ☐ NO
6. Are the cash balances on the Monthly Bail on Account Report equal to the account balance in the bail account? ☒ YES ☐ NO
-

FUNDS

1. Does the town have the following dedicated funds?
- ☐ Public Defender (N.J.S.A. 2B:24-17(b)) ☒ YES ☐ NO
- ☐ POAA (N.J.S.A. 39:4-139-9) ☐ YES ☒ NO
- ☐ DWI (N.J.S.A.26:2B-35(b) (3)) ☐ YES ☒ NO
2. Does the DWI and POAA funds balance for the town match the court's record? ☒ YES ☐ NO
If not, provide details _____
3. Does the town's balance and expenditures of the DWI and/or POAA funds match the approved DWI/POAA expenditure requests utilized by the court? ☒ YES ☐ NO
If no, POAA town balance \$_____ Court Balance \$ _____
If no, DWI Fund town balance \$_____ Court Balance \$ _____
4. Does the court follow approval process for use of DWI/POAA funds? ☒ YES ☐ NO
If not, provide details _____
5. Did the Judge, Municipal Court Director or Administrator provide all authorizations for approved use of DWI/POAA funds? ☒ YES ☐ NO
If not, provide details _____

COMMENTS

None

RECOMMENDATIONS

None

TOWNSHIP City, Town, Boro. or Twp.		of Lower Alloways Creek Municipality		of Salem County			
Form for Reporting Dog Licenses Issued Pursuant to R.S. 4:19-15.1 et seq., as amended by Chapter 168, P.L. 1978 and Chapter 235, P.L. 1981.			Auditor: Address:		Michael Holt 618 Stokes Road Medford, NJ 08055		
Dog License Fees - Minimum 1 Year \$1.50 3 Year \$4.50 Dog License Fees - Maximum 7.00 \$21.00 (Where there is not Local Ordinance, the fee shall be \$1.50, 1 Year & \$4.50, 3 Years)			Kennel Licenses: Not in Excess of 10 Dogs..\$10.00 In Excess of 10 Dogs.....\$25.00 Pet Shop License.....\$10.00				
State Registration Fees: Non-Neutered - \$1.20 Neutered - \$4.20			Seeing Eye" Dog Licenses are to be issued without fees.				
YEAR 2022							
License Numbers		Rate	Total Fees	Municipal License	Kennel License	Seeing Eye	State Registration Fees
From	To						
1	157						
Spayed	104	\$ 12.00	\$ 1,038.00	\$ 913.20			\$ 124.80
Non- Spayed	53	15.00	795.00	572.40			222.60
Late Fees	7	10.00	70.00	70.00			
TOTALS			\$ 1,903.00	\$ 1,555.60			\$ 347.40
Add: Prior Balance Due State Treasurer December 31, 2021							\$ -
							347.40
Remitted to State Treasurer							347.40
Balance Due State Treasurer December 31, 2022							\$ -

INTERNAL CONTROL QUESTIONNAIRE

SECTION XII - STATUTORY COMPLIANCE

(Note: This Questionnaire must be filed with
the Division of Local Government Services.)

Municipality Township of Lower Alloways Creek Period Ended December 31, 2022

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Remarks</u>
1. Has the current tax duplicate and tax levy been proven?	<u>X</u>			
2. Have all the cancellations, state and county board judgments, veterans' deductions and senior citizens' deductions been reviewed for propriety and checked as to proper authorization and checked to tax duplicate or tax card?	<u>X</u>			
3. Were tax collections per cash receipts book in agreement with amounts posted in current duplicate or tax cards?	<u>X</u>			
4. Have all tax overpayments been accounted for?	<u>X</u>			
5. If tax machine bookkeeping or computer system is in use, has it been approved by the Director of the Division of Local Government Services?	<u>X</u>			
6. Have the taxes outstanding for prior years been established and proven?	<u>X</u>			
7. Were all the necessary checks, as outlined in the above steps, pertaining to prior years' taxes, taken to insure proof of prior years' taxes?	<u>X</u>			
8. a. Is a tax arrears register in use and properly kept?	<u>X</u>			
b. Were the respective duplicates closed to the tax arrears register?	<u>X</u>			
9. Are lien registers adequate and are they properly kept?	<u>X</u>			
10. Is a foreclosed property register in use and is it kept current?	<u>X</u>			

	Yes	No	N/A	Remarks
11. Have all properties sold been assessed the following year?			X	
12. Are all moneys deposited within 48 hours as prescribed by statute (N.J.S. 40A:5-15) for:				
a. Collector - Treasurer?			X	
b. Treasurer?	X			
c. Collector?	X			
13. Did the Collector report and pay the amount collected to the Treasurer, or other official of the municipality authorized to receive such collections, <u>on the first</u> day of each month following, or more often if required by the governing body?	X			
14. Is an adequate permanent record maintained by all officials who receive municipal funds?	X			
15. Are all disbursements made by the General Treasurer for all boards, bodies, or departments?	X			
16. Were all officials handling municipal funds covered by surety bonds?	X			
17. If Blanket Bond coverage was chosen to be utilized for Municipal Court personnel per N.J.S. 40A:5-34.1, were non-court employees excluded?		X		
18. Were surety bonds for Tax Collector, Utility Collector and Municipal Court personnel in compliance with the Local Finance Board promulgated schedules?	X			
19. Does the scope of the audit cover the activities and receipt of revenue of every board, body, officer or commission?	X			
20. Was cash count and reconciliation of the cash accounts of the Treasurer, Tax Collector and Utility Collector made not more than 50 days prior to the date of filing the report of audit with the Clerk of the governing body?	X			
a. Date of reconciliation	12/31/2022			
b. Date of filing	Alternate Procedures Performed			

	Yes	No	N/A	Remarks
21. Did the municipality have any "Repurchase Agreements" during the Year?		X		
22. Did the audit of investments reveal any items which are <u>not</u> allowed by statute (N.J.S.A. 40A:5-51)?		X		
23. In your opinion, are the books and records of any official in such unsatisfactory condition that a proper audit could not be made?		X		
24. Is a general ledger accounting system maintained for all funds by the Chief Financial Officer?		X		Finding 2022-001
25. Is there an appropriation ledger maintained with timely entries by someone in the municipality?		X		
26. Have annual statements as to receipts and disbursements (detailed) been filed by spending agencies as required by N.J.S. 40A:5-13?		X		
27. Were revenues for Uniform Construction Code fees collected in compliance with the adopted fee ordinance ordinance and properly recorded in the receipts journal?		X		
28. Has an annual report been filed, accounting for funds received, by each fire district and volunteer fire company in accordance with N.J.S. 40A:14-34?		X		
29. Have the following reports required from the Collector by R.S. 54:4-91 and 91.1 been filed:				
a. Yearly report?		X		
b. List of uncollectible taxes?		X		
30. Was interest collected on delinquencies in accordance with the statutes and/or the resolution of the governing body?		X		
31. Does the interest resolution of the governing body exceed the maximums set per Chapter 435, laws of 1980?		X		
(That is, 8% of first \$1,500.00 and 18% for amounts over \$1,500.00 delinquency).		X		
32. Were all temporary appropriations, adopted under N.J.S. 40A:4-19 and N.J.S. 40A:4-20, proper and recorded in the records?		X		

	Yes	No	N/A	Remarks
33. Were temporary appropriations, adopted under N.J.S. 40A:4-19, within the statutory maximum?	X			
34. Were the budgets properly spread in full in the minutes or read by title if properly posted as required by N.J.S. 40A:4-8?	X			
35. Were budgets, officially certified by the Director, on file with the municipality?	X			
36. Were there any overcommitments and/or overexpenditures made of temporary appropriations, and current appropriations or appropriation reserves, prior to transfer period or after?		X		
37. Were there any Expenditures Without Ordinance Appropriations or Appropriation Reserve Expenditures Without Ordinance Appropriations or any similar violations?		X		
Note: (ALL VIOLATIONS OF THIS NATURE SHOULD BE REPORTED TO THE DIVISION OF LOCAL GOVERNMENT SERVICES WITH AN EXPLANATION (IN WRITING) FROM THE CHIEF FINANCIAL OFFICER AS TO THE CAUSE.)				
38. Were supporting delivery slips (or other comparable supporting data) available for examination in all instances where such slips or data were required?	X			
39. Does the municipality have an ordinance adopted for the approval for payment of claims per N.J.S. 40A:5-17a?	X			
40. Were all vouchers approved by the governing body as required by N.J.S. 40A:5-17a and an ordinance adopted?	X			
41. Were all approved vouchers recorded in the minutes as required by N.J.S. 40A:5-1?	X			
42. Did your examination of vouchers and disbursements disclose any noncompliance, irregularity or violation of law which has <u>NOT</u> been made a subject of comment and/or recommendation in the report of audit? If answer is "Yes", explain fully.		X		
43. Did your examination of vouchers and disbursements for construction code enforcement purposes disclose any noncompliance with N.J.A.C. 5:23-4.17?		X		

	Yes	No	N/A	Remarks
44. Is there a purchasing agent or centralized purchasing authority in the municipality?	X			
45. Does the municipality maintain a functioning encumbrance accounting system as required by Technical Directive No. 1985-1?	X			
46. Is a certificate, as to Availability of Funds, prepared prior to the awarding of each contract per Local Public Contract regulations?	X			
47. (a) Are there adequate internal procedures to insure advertising for bids where the estimated costs will exceed the state bidding threshold (per N.J.S. 40A:11-4), and the soliciting of three quotations, where the estimated costs will exceed the amount per N.J.S. 40A:11-6.1?	X			
(b) Were resolutions authorizing Agreements for Professional Services properly adopted and advertised in accordance with N.J.S. 40A:11-5?	X			
48. Have adequate comments been made covering all advertisements for bids as set forth in the minutes?	X			
49. Have all petty cash funds been approved by the Director in accordance with N.J.S. 40A:5-21?	X			
50. Did the audit reveal any irregularities in regard to the amount of the "CAP" or any exclusions from the "CAP" which should be brought to the attention of the Director?		X		
51. If a municipality operates a utility, has the revenue ledger been proven and were cash collections per cash receipts records in agreement with postings to the ledgers?	X			
52. Were penalties on utility charges established by ordinance per N.J.S. 40:62-77 and were collections of the penalties made accordingly?	X			
53. Are there "Deferred Charges to Future Taxation - Unfunded" balances as of December 31 over 5 years old, where the projects have been completed and payments made from cash not provided by the particular ordinances with unfinanced costs?		X		

	Yes	No	N/A	Remarks
54. Does the Analysis of General Capital Fund Cash include cash deficits for ordinances over 5 years old?		X		
55. Was there a bond and interest bank account with a balance remaining on December 31?			X	
56. Has the required "Report of Municipal Court" been filed with the Division, the Municipal Court Judge and the governing body?	X			
57. Are there interfund balances on the various balance sheets as of December 31?	X			
58. Did your audit of the "Trust" section of accounts indicate that all expenditures made were properly includable and dedications by riders per N.J.S. 40A:4-39 have been approved by the Director for those items deemed as requiring such approval?	X			
59. Are Municipal Court appropriations separately identified in the municipal budget document, as are other appropriations permitted outside "CAP" pursuant to N.J.S.A. 48:4-45.3?	X			
60. Are Municipal Court appropriations for Salaries and Wages and Other Expenses consistent with the policies established by the Division and the Administrative Office of the Courts?	X			
61. Have receipts and disbursements in the Division approved "Municipal Court Administration Fund" (N.J.S.A. 26:2B-35) been properly budgeted (Categorical Grant-in-Aid), recorded and expended in accordance with statutory requirements and policies of the Division?	X			
62. Have the receipts and disbursements from the Parking Offenses Adjudication Act (P.O.A.A.), N.J.S.A. 39:4-139.9(a) been properly recorded in a separate trust fund reserved for the Municipal Court's use and expended in accordance with statutory requirements and the P.O.A.A. plan developed by each municipal court pursuant to the November 1, 1985 policy statement of the Administrative Director of the Courts?	X			

	Yes	No	N/A	Remarks
63. Have revenues and disbursements in the Division approved Uniform Construction Code Enforcement Fees Trust Fund been properly recorded and expended in compliance with N.J.A.C. 5:23-4.17?	X			
64. Did the municipality make contributions to any first aid association, emergency or volunteer ambulance or rescue squad per N.J.S. 40:5-2?			X	
If answer is "Yes", has the Chief Financial Officer performed an audit of each association's financial records and certified to the governing body that such records are being maintained in accordance with sound accounting principles?				
65. Does the municipality maintain a fixed asset accounting System in compliance with Technical Accounting Directive No. 1985-2?	X			
66. Is there an accounting of accrued compensated absences liabilities as required by GASB No. 16?	X			
67. Have comments and recommendations been included in the audit report for all answers above which indicate corrections or improvements are required?	X			
68. Has a corrective action plan been prepared for the prior year audit findings and recommendations by the Chief Financial Officer?	X			
69. Do you participate in an external quality control review program? If yes, when and by whom was this performed?	X			September 30, 2021 Buckno Lisicky & Company
70. Are there any matters which should be taken up with the municipality by the Division?		X		
If answer is "Yes", file a detailed report with the Questionnaire, if not previously filed with the Director of the Division of Local Government Services.				

SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Synopsis of 2022 Audit Report for the Township of Lower Alloways Creek as required by N.J.S.40A:5-7.

COMBINED STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE (Condensed Form)

ASSETS	2022	2021
Cash & Investments	\$ 61,151,692.23	\$ 63,348,187.50
Taxes, Assessments, & Liens	99,179.62	67,844.46
Property Acquired for Taxes/Assessed Valuation	121,780.00	121,780.00
Accounts Receivable & Other	254,699.84	16,948.18
General Fixed Assets	9,169,841.29	8,856,500.39
Total	<u>\$ 70,797,192.98</u>	<u>\$ 72,411,260.53</u>

LIABILITIES, RESERVES & FUND BALANCE

Improvement Authorizations	482,809.31	673,541.21
Other Liabilities & Special Funds	59,131,653.12	59,620,887.10
Investment in Fixed Assets	9,169,841.29	8,856,500.39
Reserve for Certain Assets Receivable	227,957.57	200,102.22
Fund Balance	1,784,931.69	3,060,229.61
Total	<u>\$ 70,797,192.98</u>	<u>\$ 72,411,260.53</u>

**Comparative Statements of Operations and
Change in Fund Balance - Current Fund**

	<u>YEAR 2022</u>	<u>YEAR 2021</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 2,278,716.18	\$ 1,491,367.49
Miscellaneous - From Other Than		
Local Property Tax Levies	7,294,196.61	9,280,203.15
Collection of Delinquent Taxes &		
Tax Title Liens	33,145.09	48,585.96
Collection of Current Tax Levy	3,653,232.14	3,652,993.94
Nonbudget Revenue	410,639.04	266,864.88
Unexpended Balance of		
Appropriation Reserves & Encumbrances	<u>579,408.83</u>	<u>797,731.50</u>
Total Income	<u>14,249,337.89</u>	<u>15,537,746.92</u>
Expenditures		
Budget Expenditures -		
Municipal Purposes	9,549,680.75	9,216,786.73
County Taxes	3,692,174.36	3,686,236.25
Other Adjustments to Income	<u>4,064.52</u>	<u>17,885.68</u>
Total Expenditures	<u>13,245,919.63</u>	<u>12,920,908.66</u>
Excess to Fund Balance	1,003,418.26	2,616,838.26
Fund Balance January 1	<u>3,060,229.61</u>	<u>1,934,758.84</u>
Total	4,063,647.87	4,551,597.10
Less: Fund Balance Utilized as Revenue	<u>2,278,716.18</u>	<u>1,491,367.49</u>
Fund Balance December 31	<u><u>\$ 1,784,931.69</u></u>	<u><u>\$ 3,060,229.61</u></u>

RECOMMENDATIONS

Recommendation 2022-001

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

The above synopsis was prepared from the report on examination of the financial statements and supplementary data of the Township of Lower Alloways Creek, County of Salem, for the year ended December 31, 2022. This report was submitted by Holt McNally & Associates, Inc., Certified Public Accountants & Advisors, 618 Stokes Road, Medford, New Jersey 08055 and is on file at the Township Clerk's office and may be inspected by any interested person.

Ronald Campbell, RMC

UNIFORM CONSTRUCTION CODE ENFORCEMENT FEE REPORT - YEAR 2022

Municipality:	<u>Lower Alloways Creek</u>	Construction Official:	<u>John Palumbo</u>
County of:	<u>Salem</u>		
Address:	<u>501 Locust Island Road</u>	Phone:	<u>856-935-1549</u>
	<u>Hancocks Bridge, NJ 08038</u>	Fax:	<u>856-935-7666</u>
		E-Mail:	<u>construction@lowerallowayscreek-nj.gov</u>

Please provide a weblink to the municipality's UCC fee schedule, or attach the schedule to this report.

Report Completed By: Holt McNally & Associates, Inc.

Name: Michael Holt

Signature: *Michael Holt*

Date: September 1, 2023

RMA #: 473

Telephone/Fax: 609-953-0616

E-Mail Address: mholt@hmacpaine.com

Mailing Address: 618 Stokes Road, Medford, NJ 08055

Does this Construction Code Office serve more than one municipality? If yes, please list each municipality and state whether a current written agreement exists

NO

Municipality	Written Agreement Exists?
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

If UCC inspections are performed by a private entity, please name the party or parties, list the corresponding inspection categories, and state whether a current written agreement exists:

N/A

I. REVENUES

A. Uniform Construction Code Fees	\$ 22,353.00
B. Penalties	-
C. Income: UCC Shared Services/Interlocal	-
TOTAL REVENUES (A+B+C)	<u>22,353.00</u>

II. EXPENDITURES DIRECTLY RELATED TO UCC ENFORCEMENT

A. Salary & Wages (List Separately in Appendix)	24,081.31
B. Employee Fringe Benefits	-
C. Motor Vehicle Expenses	-
D. Direct Agency Support Costs	765.00
E. Auditor Fees for UCC Auditing:	-
F. Legal Services for UCC Litigation:	-
G. Professional Expenses	-
H. Indirect/Overhead Expenses	2,973.00
TOTAL EXPENSES (A through H):	<u>27,819.31</u>

EXCESS (DEFICIT) \$ (5,466.31)

III. RIDER DEDICATION (N.J.S.A. 40A:4-39)

(complete only if municipality has a UCC trust fund)

A. Opening Balance in Trust Fund	\$ -
B. Revenues Received in Trust Fund	-
C. Expenses from Trust	-
D. Closing Balance in	<u>\$ -</u>