

**TOWNSHIP OF LOWER ALLOWAYS CREEK**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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# **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, 2021**

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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, 2021, and the related statement 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, 2021 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, as of December 31, 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 of the Township, as of December 31, 2021, and the results of its operations and changes in fund balance - regulatory basis of such funds for the year then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and general fixed assets group of accounts - regulatory basis, for the year ended December 31, 2021 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

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

*Basis for Adverse Opinion on 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 Information**

Management is responsible for the other information included in the annual report. The other information comprises the letter of comments and recommendations section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Predecessor Auditor**

The financial statements of the Township of Lower Alloways Creek, County of Salem, as of December 31, 2020, were audited by other auditors whose report dated July 27, 2020, expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unmodified opinion on the regulatory basis of accounting.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2022 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*

Michael Holt

Certified Public Accountant

Registered Municipal Accountant

RMA No. 473

Medford, New Jersey  
June 28, 2022



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, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 28, 2022. 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 2021-001 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. 2021-001.

## **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*

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

Medford, New Jersey  
June 28, 2022

## **BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF LOWER ALLOWAYS CREEK**  
**CURRENT FUND**  
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Regular Fund:			
Cash- Treasurer	A-4	\$ 3,036,320.83	\$ 1,895,574.99
Cash - Change Fund	A-6	290.00	350.00
Investments	A-7	3,000,000.00	3,000,000.00
Total Regular Fund		6,036,610.83	4,895,924.99
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	25,219.50	31,159.50
Tax Title Liens Receivable	A-9	6,361.66	30,836.19
Property Acquired / Assessed Valuation	A-11	121,780.00	103,430.00
Sewer Rents Receivable	A-12	34,664.69	48,862.36
Sewer Liens Receivable	A-13	900.00	9,991.34
Other Charges Receivable		11.79	244.40
Miscellaneous Liens Receivable		686.82	294.40
Payroll Tax Overpayment		6,442.18	
Revenue Accounts Receivable	A-14	702.64	82.02
Due from:			
Animal Control Trust Fund	B	3,232.03	1,243.83
Trust Other	B	100.91	86.29
		200,102.22	226,230.33
Deferred Charges:			
Overexpenditure of Appropriations			24,932.99
Total Deferred Charges		-	24,932.99
Total Current Fund		6,236,713.05	5,147,088.31
State & Federal Grants:			
Due from Current Fund	A	313,038.26	208,842.69
Total State & Federal Grants		313,038.26	208,842.69
Total Assets		\$ 6,549,751.31	\$ 5,355,931.00

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, 2021 AND 2020**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2021	2020
Regular Fund:			
Appropriation Reserves	A-3:A-15	\$ 535,038.52	\$ 814,259.96
Reserve for Encumbrances	A-16	1,832,379.68	1,874,440.58
Prepaid Taxes	A-5	73,676.01	65,625.82
Tax Overpayments	A-8	0.07	4,268.16
Sewer Overpayments	A-12	1,948.89	1,450.00
Due to County for Added and Omitted Taxes	A-18	202,229.91	
Payroll Taxes Payable	A		
Due to Federal & State Grant Fund	A	313,038.26	208,842.69
Due to the State:			
DCA Inspection Fees		764.00	454.00
Senior Citizen & Veterans Deductions	A-10	17,305.88	16,757.93
Subtotal		2,976,381.22	2,986,099.14
Reserve for Receivables & Other Assets	A	200,102.22	226,230.33
Fund Balance	A-1	3,060,229.61	1,934,758.84
Total Regular Fund		6,236,713.05	5,147,088.31
State & Federal Grants:			
Reserve for Grants Appropriated	A-21	283,839.51	199,012.85
Reserve for Grants Unappropriated	A-20	29,198.75	9,829.84
Total State & Federal Grants		313,038.26	208,842.69
Total Liabilities, Reserves & Fund Balance		\$ 6,549,751.31	\$ 5,355,931.00

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, 2021 AND 2020**

	2021	2020
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 1,491,367.49	\$ 1,523,401.86
Miscellaneous Revenue Anticipated	9,280,203.15	7,825,231.35
Receipts From Delinquent Taxes & Tax Title Liens	48,585.96	37,580.26
Receipts From Current Taxes	3,652,993.94	3,211,491.48
Nonbudget Revenue	266,864.88	136,015.52
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	772,976.32	681,131.56
Encumbrances Payable Canceled	24,755.18	15,503.63
<b>Total</b>	<b>15,537,746.92</b>	<b>13,430,355.66</b>
Expenditures:		
Budget & Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	2,424,644.00	2,392,819.00
Other Expenses	2,582,140.00	2,996,442.00
Deferred Charges & Statutory		
Expenditures - Municipal Within "CAPS"	706,513.99	608,037.99
Operations Excluded from "CAPS":		
Salaries & Wages	109,656.00	106,981.00
Other Expenses	101,816.74	37,300.74
Transfer to Board of Education	3,292,016.00	3,292,016.00
County Taxes	3,484,006.34	3,238,761.60
Due County for Added & Omitted Taxes	202,229.91	8,052.60
Prior Year Deductions Disallowed		303.42
Refund of Prior Year Revenue	11,443.50	
Interfund Advanced	6,442.18	
<b>Total Expenditures</b>	<b>12,920,908.66</b>	<b>12,680,714.35</b>
Regulatory Excess to Fund Balance	2,616,838.26	749,641.31
Adjustments to Income Before Surplus:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year		24,932.99
Excess to Fund Balance	2,616,838.26	774,574.30
Fund Balance January 1	1,934,758.84	2,683,586.40
<b>Total</b>	<b>4,551,597.10</b>	<b>3,458,160.70</b>
Decreased by: Utilization as Anticipated Revenue	1,491,367.49	1,523,401.86
<b>Fund Balance December 31</b>	<b>\$ 3,060,229.61</b>	<b>\$ 1,934,758.84</b>

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, 2021**

	BUDGET	APPROPRIATED by N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 1,491,367.49	\$ -	\$ 1,491,367.49	\$ -
Miscellaneous Revenue:				
Fines & Costs:				
Municipal Court	6,500.00		5,316.36	(1,183.64)
Interest on Deposits	1,324,000.00		2,796,846.24	1,472,846.24
Trash Agreement	228,947.00		208,540.00	(20,407.00)
Sewer Rents	180,000.00		213,205.64	33,205.64
Leisure Arms Rentals	130,000.00		135,926.17	5,926.17
Energy Receipts Tax	5,000,361.00		5,000,361.00	-
Garden State Trust	35,841.00		55,193.00	19,352.00
Uniform Construction Code	10,000.00		30,034.00	20,034.00
Shared Service Agreement				
Elsinboro Township Police Servies	109,656.00		115,458.00	5,802.00
Senior Citizen Lunch Program	30,000.00		30,506.00	506.00
Reseve for Self Insurance Fund	600,000.00		600,000.00	
Police Body Armour Grant		1,313.83	1,313.83	-
American Rescue Funds		87,502.91	87,502.91	-
Total Miscellaneous Revenues	7,655,305.00	88,816.74	9,280,203.15	1,536,081.41
Receipts from Delinquent Taxes	20,000.00	-	48,585.96	28,585.96
Local Tax for Municipal Purposes	-	-	5,460.19	5,460.19
Budget Totals	9,166,672.49	88,816.74	10,825,616.79	1,570,127.56
Nonbudget Revenues	-	-	266,864.88	266,864.88
Total	\$ 9,166,672.49	\$ 88,816.74	\$ 11,092,481.67	\$ 1,836,992.44

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, 2021**

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 3,652,993.94
Less: Allocated for School & County Taxes	<u>3,686,236.25</u>
Total Allocation of Current Tax Collections	(33,242.31)
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>38,702.50</u>
Total Amount for Support of Municipal Budget Appropriation	<u><u>\$ 5,460.19</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 28,844.43
Tax Title Lien Collections	<u>19,741.53</u>
Total Receipts from Delinquent Taxes	<u><u>\$ 48,585.96</u></u>

**ANALYSIS OF NONBUDGET REVENUES**

Miscellaneous Revenue Not Anticipated:	
Interest & Costs on Taxes	\$ 14,245.15
Interest and Costs on Sewer Rents/Liens	5,650.90
Tax Collector Special Charges & Fees	242.61
Planning & Zoning Fees	1,200.00
Sale of Assets	41,830.77
Fuel Reimbursement	15,976.76
Refunds & Settlements	118,625.33
Dumpster Fees	12,077.00
Fios Franchise Fee	13,938.40
Bulk Stickers	3,671.00
Other Fees and Permits Clerk	3,395.10
Boat Ramp Passes	7,292.00
Mobile Home Fees	2,600.00
Miscellaneous	21,568.03
Senior Citizen & Veterans Administrative Fee	420.00
Recycling	<u>4,131.83</u>
Total Nonbudgeted Revenue	<u><u>\$ 266,864.88</u></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, 2021**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
<b>General Government Functions:</b>					
Purchasing Department					
Salaries and Wages	\$ 42,250.00	\$ 42,250.00	\$ 42,211.88	\$ -	\$ 38.12
Postage	2,500.00	2,500.00	2,500.00		-
Other Expenses	3,500.00	3,500.00	2,373.36		1,126.64
Mayor and Township Committee:					
Salaries and Wages	40,500.00	40,500.00	39,680.00		820.00
Other Expenses	3,000.00	3,000.00	2,316.00	121.00	563.00
Township Clerk:					
Salaries and Wages	82,900.00	82,900.00	82,755.98		144.02
Printing and Legal Advertising	1,500.00	1,500.00	1,035.08		464.92
Other Expenses	20,100.00	20,100.00	14,257.07	2,987.54	2,855.39
Financial Administration:					
Salaries and Wages	42,250.00	42,250.00	42,211.88		38.12
Other Expenses	41,000.00	41,000.00	33,804.90	6,110.00	1,085.10
Audit Services	23,000.00	23,000.00	23,000.00		-
Collection of Taxes:					
Salaries and Wages	23,050.00	23,050.00	23,030.58		19.42
Other Expenses	7,200.00	7,200.00	3,259.23		3,940.77
Tax Assessments Administration:					
Salaries and Wages	19,500.00	19,500.00	19,483.02		16.98
Other Expenses	1,600.00	1,600.00	660.28	428.25	511.47
Legal Services:					
Other Expenses	13,000.00	13,000.00	5,831.85	926.51	6,241.64
Engineering Services & Costs	3,000.00	3,000.00	1,418.27	581.73	1,000.00
Municipal Court:					
Salaries and Wages	28,000.00	26,000.00	18,939.37		7,060.63
Other Expenses	2,000.00	4,000.00	1,896.85	114.00	1,989.15
Public Defender:					
Other Expenses	1,000.00	1,000.00	375.00		625.00
<b>Land Use Administration:</b>					
Planning Board:					
Salaries and Wages	6,000.00	6,000.00	6,000.00		-
Other Expenses	1,400.00	1,400.00	466.42		933.58
Zoning Board and Board of Adjustment					
Salaries and Wages	5,200.00	5,200.00	5,064.00		136.00
<b>Insurance:</b>					
Surety Bond Premiums	3,000.00	3,000.00	3,000.00		-
Self Insurance Program	59,000.00	59,000.00	54,037.00		4,963.00
Worker's Compensation	113,440.00	113,440.00	113,440.00		-
Employee Group Health	1,200,000.00	1,170,000.00	1,075,901.55	6,200.00	87,898.45
<b>Public Safety Functions:</b>					
Police:					
Salaries and Wages	1,220,344.00	1,254,344.00	1,253,550.82		793.18
Other Expenses	110,000.00	106,000.00	28,859.98	34,549.82	42,590.20
Police Radio and Communications					
Other Expenses	40,600.00	40,600.00	39,795.30		804.70
Office of Emergency Management:					
Salaries and Wages	9,100.00	9,100.00	8,774.12		325.88
Other Expenses	2,000.00	2,000.00	321.67		1,678.33
Fire					
Other Expenses	22,000.00	22,000.00	20,421.79	1,428.00	150.21
Fire Inspection					
Salaries and Wages	2,200.00	2,200.00	2,142.00		58.00

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, 2021**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
Rescue					
Other Expenses	16,500.00	16,500.00	3,789.40		12,710.60
Municipal Prosecutor:					
Other Expenses	10,000.00	10,000.00	9,301.06	647.45	51.49
<b>Public Works Functions:</b>					
Supervisor of Public Works					
Salaries and Wages	87,500.00	87,500.00	85,626.00		1,874.00
Other Expenses	2,000.00	2,000.00	135.99		1,864.01
Streets & Roads Maintenance:					
Salaries and Wages	550,000.00	534,500.00	458,672.07		75,827.93
Other Expenses	52,500.00	52,500.00	9,438.66	25,116.00	17,945.34
Municipal Garage	110,000.00	110,000.00	66,637.25	8,566.05	34,796.70
Solid Waste Collection:					
Salaries and Wages	144,000.00	159,000.00	143,176.45		15,823.55
Other Expenses	20,000.00	20,000.00	5,266.21		14,733.79
Public Building & Grounds:					
Other Expenses	75,000.00	75,000.00	30,950.01	14,549.91	29,500.08
Mosquito Control					
Other Expenses	5,000.00	3,000.00			3,000.00
<b>Health and Welfare:</b>					
Public Health Services (Board of Health)					
Other Expenses	500.00	500.00			500.00
Animal Control Program:					
Other Expenses	18,000.00	18,000.00	3,217.00	700.00	14,083.00
Tidelands License and Lease Fee					
Other Expenses	6,800.00	6,800.00	6,628.00		172.00
<b>Park and Recreation :</b>					
Farmland Preservation Program					
Other Expenses	6,000.00	6,000.00			6,000.00
Parks and Playgrounds:					
Other Expenses	2,000.00	2,000.00	1,717.70		282.30
Historical Sites:					
Other Expenses	4,000.00	4,000.00	3,789.64		210.36
Other Common Operating Functions					
Housing Program					
Other Expenses	19,000.00	21,000.00	17,190.42	2,129.00	1,680.58
Senior Citizen Lunch Program					
Salaries and Wages	58,000.00	58,000.00	53,658.92		4,341.08
Other Expenses	41,000.00	41,000.00	33,643.78	2,307.54	5,048.68
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	4,000.00	4,000.00	3,094.05		905.95
<b>Utility Expense and Bulk Purchases</b>					
Electricity	88,000.00	88,000.00	62,954.48		25,045.52
Street Lighting	44,000.00	44,000.00	39,523.32		4,476.68
Telephone	42,500.00	42,500.00	38,036.52	221.86	4,241.62
Heating Oil	33,000.00	33,000.00	23,741.10	3,077.54	6,181.36
Sewer System					
Salaries and Wages	4,550.00	4,550.00	4,438.00		112.00
Other Expenses	147,000.00	147,000.00	106,917.89	23,273.34	16,808.77
Gasoline	110,000.00	110,000.00	91,136.62		18,863.38
<b>Landfill and Solid Waste Disposal Costs</b>					
Solid Waste Disposal Costs					
Other Expenses	80,000.00	80,000.00	65,990.20		14,009.80

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, 2021**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
<b>Appropriation Offset By Dedicated Revenues:</b>					
State Uniform Construction Code					
Construction Official:					
Salaries and Wages	17,800.00	18,100.00	17,953.84		146.16
Other Expenses	1,500.00	1,500.00	488.58	341.84	669.58
Plumbing Inspection:					
Salaries and Wages	2,500.00	2,700.00	2,509.01		190.99
Electrical Subcode Official		-			-
Salaries and Wages	7,000.00	7,000.00	5,458.45		1,541.55
Contingent	2,000.00	2,000.00			2,000.00
Total Operations Within "CAPS"					
Including Contingent	5,006,784.00	5,006,784.00	4,367,895.87	134,377.38	504,510.75
Detail:					
Salaries and Wages	2,392,644.00	2,424,644.00	2,315,336.39	-	109,307.61
Other Expenses	2,614,140.00	2,582,140.00	2,052,559.48	134,377.38	395,203.14
<b>Deferred Charges &amp; Statutory Expenditures</b>					
<b>Municipal Within "CAPS":</b>					
Deferred Charges:					
Overexpenditure of Appropriation	24,932.99	24,932.99	24,932.99		-
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	139,297.00	139,297.00	139,297.00		-
Social Security System (O.A.S.I.)	195,000.00	195,000.00	179,608.97		15,391.03
Police & Firemen's Retirement					
System of New Jersey	338,284.00	338,284.00	338,284.00		-
Unemployment Insurance	9,000.00	9,000.00	6,863.26		2,136.74
Total Deferred Charges & Statutory					
Expenditures Within "CAPS"	706,513.99	706,513.99	688,986.22	-	17,527.77
Total General Appropriations for					
Municipal Purposes Within "CAPS"	5,713,297.99	5,713,297.99	5,056,882.09	134,377.38	522,038.52
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	109,656.00	109,656.00	109,656.00	-	-
Total Shared Service Agreements	109,656.00	109,656.00	109,656.00	-	-
<b>Public &amp; Private Programs Offset by Revenues:</b>					
American Rescue Funds	-	87,502.91	87,502.91	-	-
Body Armor Replacement Grant		1,313.83	1,313.83	-	-

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, 2021**

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
Total Operations Excluded from "CAPS"	122,656.00	211,472.74	198,472.74	-	13,000.00
Detail:					
Salaries and Wages	109,656.00	109,656.00	109,656.00	-	-
Other Expenses	13,000.00	101,816.74	88,816.74	-	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	-
		-		-	-
Subtotal General Appropriations	9,127,969.99	9,216,786.73	6,901,570.83	1,780,177.38	535,038.52
Reserve For Uncollected Taxes	38,702.50	38,702.50	38,702.50	-	-
Total General Appropriations	<u>\$9,166,672.49</u>	<u>\$ 9,255,489.23</u>	<u>\$6,940,273.33</u>	<u>\$ 1,780,177.38</u>	<u>\$ 535,038.52</u>
Appropriation by 40A:4-87		\$ 88,816.74			
Original Budget		<u>9,166,672.49</u>			
Total		<u>\$ 9,255,489.23</u>			
Reserve for Federal & State Grants - Appropriated			\$ 88,816.74		
Deferred Charge - Overexpenditure of Appropriation			24,932.99		
Reserve for Uncollected Taxes			38,702.50		
Cash Disbursements			<u>6,787,821.10</u>		
Total			<u>\$6,940,273.33</u>		

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

## EXHIBIT B

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Animal Control Fund:			
Cash	B-1	\$ 7,623.63	\$ 6,048.63
Total Animal Control Fund		<u>7,623.63</u>	<u>6,048.63</u>
LOSAP			
Investments	B-3	<u>149,354.74</u>	<u>122,236.76</u>
Total LOSAP		<u>149,354.74</u>	<u>122,236.76</u>
Other Trust Funds:			
Cash - Treasurer	B-1	111,917.36	102,603.19
Cash - Self Insurance	B-1	9,771,770.65	10,340,336.32
Investments	B-3	<u>10,970,257.57</u>	<u>10,996,226.94</u>
Total Other Trust Funds:		<u>20,853,945.58</u>	<u>21,439,166.45</u>
Total - All Funds		<u>\$ 21,010,923.95</u>	<u>\$ 21,567,451.84</u>
LIABILITIES & RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-5	\$ 4,331.60	\$ 4,804.80
Prepaid Licenses	B-2	60.00	-
Due Current Fund	A	<u>3,232.03</u>	<u>1,243.83</u>
Total Animal Control Fund		<u>7,623.63</u>	<u>6,048.63</u>
LOSAP			
Reserve for LOSAP Benefits	B-4	<u>149,354.74</u>	<u>122,236.76</u>
Total LOSAP		<u>149,354.74</u>	<u>122,236.76</u>
Other Trust Funds:			
Planning Board Escrow	B-4	25,410.20	28,412.44
PSE&G Escrow	B-4	2,300.67	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	8,016.63	8,016.63
Uniform Fire Safety Penalty Monies	B-4	21,278.35	21,278.35
Leisure Arms Escrow	B-4	11,703.83	7,737.82
Public Defender Fees	B-4	3,036.85	3,036.85
Tax Sale Redemptions	B-4	9,610.65	-
Tax Sale Premiums	B-4	2,100.00	-
Self-Insurance	B-4	20,742,028.22	21,336,563.26
Encumbrances Payable			3,374.87
Due Current Fund	A	<u>100.91</u>	<u>86.29</u>
Total Other Funds		<u>20,853,945.58</u>	<u>21,439,166.45</u>
Total - All Funds		<u>\$ 21,010,923.95</u>	<u>\$ 21,567,451.84</u>

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

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

ASSETS	REFERENCE	2021	2020
Cash	C-1	\$ 24,300,652.72	\$ 16,490,882.48
Investments	C-2	12,000,000.00	20,054,388.37
Grants Receivable	C-3	6,470.42	123,756.92
Total		<u>\$ 36,307,123.14</u>	<u>\$ 36,669,027.77</u>
LIABILITIES, RESERVES & FUND BALANCE			
Improvement Authorizations:			
Funded	C-6	673,541.21	425,897.31
Encumbrances Payable	C-5	409,851.47	4,400.00
Capital Improvement Fund	C-6	<u>35,223,730.46</u>	<u>36,238,730.46</u>
		<u>\$ 36,307,123.14</u>	<u>\$ 36,669,027.77</u>

There were no bonds and notes authorized but not issued on December 31, 2021 and 2020.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

ASSETS	<u>2021</u>	<u>2020</u>
Land	\$ 771,565.36	\$ 771,565.36
Buildings	\$ 2,143,996.89	2,125,504.00
Machinery and Equipment	<u>5,940,938.14</u>	<u>6,177,071.19</u>
Total	<u>\$ 8,856,500.39</u>	<u>\$ 9,074,140.55</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 8,856,500.39</u>	<u>\$ 9,074,140.55</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, 2021**

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**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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, 2021**

**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 10<sup>th</sup> 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, 2021**

**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, 2021**

**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 10<sup>th</sup> 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 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> 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 31<sup>st</sup> 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, 2021**

**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.

Recently Issued Accounting Pronouncements

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

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. Management has not yet determined the potential impact on the Township's financial statements.

**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, 2021, the Township's bank balance of \$29,564,887.27 was insured or collateralized as follows:

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 2. Deposits and Investments (Continued)**

Insured under FDIC and GUDPA	\$ 29,444,722.72
Uninsured and Uncollateralized	<u>120,164.55</u>
	<u>\$ 29,564,887.27</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, 2021 would be as follows:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2021</u>			
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual Funds	\$ 104,576.76	\$ 104,576.76	\$ -	\$ -	\$ 104,576.76
Fixed Account Investment Contract	44,777.98	44,777.98	-	-	44,777.98
U.S. Treasury Securities	<u>25,970,257.57</u>	<u>32,590,798.92</u>	-	-	<u>32,590,798.92</u>
	<u>\$ 26,119,612.31</u>	<u>\$ 32,740,153.66</u>	\$ -	\$ -	<u>\$ 32,740,153.66</u>
 <u>Fund</u>					
Current Fund	\$ 3,000,000.00	\$ 3,976,410.00			\$ 3,976,410.00
Capital Fund	12,000,000.00	15,784,214.45			15,784,214.45
Trust Fund - Other	10,970,257.57	12,830,174.47			12,830,174.47
Trust Fund - LOSAP	<u>149,354.74</u>	<u>149,354.74</u>			<u>149,354.74</u>
	<u>\$ 26,119,612.31</u>	<u>\$ 32,740,153.66</u>	\$ -	\$ -	<u>\$ 32,740,153.66</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.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 2. Deposits and Investments (Continued)**

**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, 2021, balance of \$26,119,612.31 is recorded in Current Fund for \$3,000,000.00, General Capital Fund for \$12,000,000.00, Trust Other for \$10,970,257.57 and \$149,354.74 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>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	\$ 1.621	\$ 1.510	\$ 1.567
Apportionment of Tax Rate:			
County	1.621	1.510	1.567

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2021	\$ 121,780.00
2020	103,430.00
2018	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>
2021	\$ 3,687,264.86	\$ 3,652,993.94	99.07%
2020	3,248,124.19	3,211,491.48	98.87%
2019	3,357,568.96	3,316,951.77	98.79%

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 3. Property Taxes (continued)**

**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>
2021	\$ 6,361.66	\$ 25,219.50	\$ 31,581.16	0.86%
2020	30,836.19	31,159.50	61,995.69	1.91%
2019	27,779.94	34,522.77	62,302.71	1.86%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2021	7
2020	8
2019	11

The last tax sale was held on November 19, 2021.

**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>
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%
2019	48,795.75	200,456.08	249,251.83	204,162.89	81.91%

**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>
<b>Current Fund:</b>			
2021	\$ 3,059,162.49	\$ 2,278,716.18	74.49%
2020	1,934,758.84	1,491,367.49	77.08%
2019	2,683,586.40	1,523,401.86	56.77%

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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, 2021:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 3,332.94	\$ 313,038.26
State and Federal Grant Fund	313,038.26	
Trust Other Fund		3,332.94
	<u>\$ 316,371.20</u>	<u>\$ 316,371.20</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.

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2021.

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Land	\$ 771,565.36	\$ -	\$ -	\$ 771,565.36
Buildings and Improvements	2,125,504.00	46,646.89	(28,154.00)	2,143,996.89
Machinery & Equipment	6,177,071.19	122,288.12	(358,421.17)	5,940,938.14
	<u>\$ 9,074,140.55</u>	<u>\$ 168,935.01</u>	<u>\$ (386,575.17)</u>	<u>\$ 8,856,500.39</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 Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-report.shtml>.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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  $1/55^{\text{th}}$  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  $1/60^{\text{th}}$  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 before age 62 with 25 or more years of service credit 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 to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** – The schedule of employer and nonemployer allocation and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS, 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 PERS, its participating employers, or the State. 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 assumption 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. 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 fiscal year 2020, 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

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

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 contribution to PERS plan was \$139,297.00.

**Components of Net Pension Liability** – As of December 31, 2021, the Township's proportionate share of the PERS net pension liability was \$2,076,485.00. The net pension liability was measured as of June 30, 2020. 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, 2019, which was rolled forward to June 30, 2020. 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, 2020. The Township's proportion measured as of June 30, 2020, was 0.0127334024% which was an increase of 0.0115782225% from its proportion measured as of June 30, 2019.

**Balances at December 31, 2020 and December 31, 2019**

	<u>12/31/2021</u>	<u>12/31/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 416,490	\$ 303,803
Deferred Inflows of Resources	1,179,713	1,210,233
Net Pension Liability	2,076,485	2,086,220
Township's portion of the Plan's total Net Pension Liability	0.01273%	0.01158%

**Pension Expense and Deferred Outflows/Inflows of Resources** – As of December 31, 2020, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is (\$13,645.00). This expense 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 \$139,297.00 to the plan in 2021.

As of December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 37,809	\$ 7,343
Changes of Assumptions	67,364	869,444
Net Difference between Projected and Actual Earnings on Pension Plan Investments	70,976	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>240,341</u>	<u>302,926</u>
	<u>\$ 416,490</u>	<u>\$ 1,179,713</u>

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, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

Changes of Assumptions

Year of Pension Plan Deferral:

June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16

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

Changes in Proportion and Differences  
between Contributions and  
Proportionate Share of Contributions

Year of Pension Plan Deferral:

June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
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

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:

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

<b>Year Ending Dec 31,</b>	<b><u>Amount</u></b>
2021	\$ (290,783)
2022	(446,079)
2023	46,008
2024	(68,623)
2025	(3,746)
	<u>\$ (763,223)</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:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% 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-2020
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

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

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

**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, 2020) 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, 2020 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%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	50.00%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

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.

**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 <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 2,634,503.00</u>	<u>\$ 2,076,485.00</u>	<u>\$ 1,633,175.00</u>

\*Note that the information presented above is in accordance with Local Finance Notice 2021-10, which differs from the requirements of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

**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 Comprehensive Annual Financial Report (CAFR) 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.

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.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

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 2020, 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, 2020, the Township's contractually required contributions to PFRS plan was \$338,284.00.

**Net Pension Liability and Pension Expense** - At December 31, 2020 the Township's proportionate share of the PFRS net pension liability was \$3,912,629.00. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020. The Township's proportion measured as of June 30, 2020, was 0.0302804176%, which was an increase of 0.0034119736% from its proportion measured as of June 30, 2019.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

**Balances at December 31, 2020 and December 31, 2019**

	<u>12/31/2020</u>	<u>12/31/2019</u>
	June 30, 2020	June 30, 2019
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 887,396	\$ 402,402
Deferred Inflows of Resources	1,301,164	1,471,002
Net Pension Liability	3,912,629	3,288,111
Township's portion of the Plan's total net pension Liability	0.03028%	0.02687%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2020, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2020 measurement date was \$307,970.00. This expense 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 \$338,284.00 to the plan in 2020.

At December 31, 2020, 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	\$ 39,446	\$ 14,042
Changes of Assumptions	9,846	1,048,953
Net Difference between Projected and Actual Earnings on Pension Plan Investments	229,416	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	608,688	238,169
	<u>\$ 887,396</u>	<u>\$ 1,301,164</u>

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

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
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	
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		5.9
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	

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

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

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:

<b>Year Ending</b>	
<b><u>Dec 31.</u></b>	<b><u>Amount</u></b>
2021	\$ 221,736
2022	(280,142)
2023	(295,652)
2024	(106,384)
2025	46,674
	<u>\$ (413,768)</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 nonemployer 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 \$607,222.00 as of December 31, 2020. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

State's proportion measured as of June 30, 2020 was 0.0302804176%, which was an increase of 0.0034119736% from its proportion measured as of June 30, 2019, which is the same proportion as the Township's. At December 31, 2020, 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	\$ 3,912,629
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>607,222</u>
	<u>\$ 4,519,851</u>

At December 31, 2020, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2020 measurement date was \$68,816.00.

**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	
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2013 - June 30, 2018

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

**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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
	<u>100.00%</u>	

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 9. Pension Obligations (continued)**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 5,202,991	\$ 3,912,629	\$ 2,840,885
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>807,480</u>	<u>607,222</u>	<u>440,892</u>
	<u>\$ 6,010,471</u>	<u>\$ 4,519,851</u>	<u>\$ 3,281,777</u>

\*Note that the information presented above is in accordance with Local Finance Notice 2021-10, which differs from the requirements of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

**Note 10. 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) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Postemployment Benefits Other Than Pensions (continued)**

**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 .049395%. At June 30, 2020, the Township's proportionate share of the State's collective net OPEB liability was \$2,698,105.

**Note 11. Municipal Debt**

During the calendar year 2021, 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	-	-	-
	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

Net Debt \$0 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$275,457,399.00, 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, 2021 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,641,008.97
Net Debt	<hr/> -
Remaining Borrowing Power	<hr/> \$ 9,641,008.97

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 12. 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.

**Note 13. 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, 2021, was \$80,473.67.

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, 2020, the Township has reserved in the Other Trust Fund \$26,555.49 to fund compensated absences in accordance with NJSA 40A:4-39.

**Note 14. 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

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 15. 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.

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, 2020, the District contributed a total of \$6,200 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.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 15. Length of Service Award Program ("LOSAP") (Continued)**

**Forfeited Accounts** - There were no forfeitures during the year ended December 31, 2021.

**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.lincolfinancial.com>.

**Note 16. Operating Leases**

The Township has commitments to lease copiers under operating leases for 5 years. Total lease payments made during the year ended December 31, 2021 amounted to \$2,940.00. Future minimum lease payments are as follows:

Fiscal Year Ending <u>December 31,</u>	
2021	\$ 2,940.00
2022	2,940.00
2023	2,940.00
2024	<u>1,470.00</u>
Total Minimum Lease Payments	<u>\$ 10,290.00</u>

**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, 2021 the Township estimates that no material liabilities will result from such audits.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 18. Contingencies (Continued)**

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, 2021.

**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.

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.

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 19. Postemployment Healthcare Plan**

**Benefit Obligations**

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

	<u>2021</u>
For Covered Retired Employees	\$ 12,163,619
For Active or Terminated Vested Participants	1,545,209
For Other Active Participants	<u>7,018,358</u>
Total	\$ 20,727,186
Assets	<u>0</u>
Unfunded Actuarial Accrued Liability	<u>\$ 20,727,186</u>

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

Normal Cost for OPEB	<u>\$ 435,365.00</u>
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**Details of Change in Benefit Obligations**

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

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

**Amortization of Deferred Outflows/Inflows**

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

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

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 19. Postemployment Healthcare Plan (Continued)**

Year Ended December 31	
2021	(670,083)
2022	(670,083)
2023	<u>(670,083)</u>
	<u>(2,010,249)</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% Increase	Discount Rate	1% Decrease
Net OPEB Liability	<u>\$24,002,649</u>	<u>\$ 20,727,186</u>	<u>\$ 18,082,812</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>\$24,234,640</u>	<u>\$ 20,727,186</u>	<u>\$ 17,916,165</u>

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

**Note 20. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2021 and June 28, 2022, 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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<b>CURRENT FUND</b>
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**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF CURRENT CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>CURRENT</u>
Balance December 31, 2020	\$ 1,895,574.99
Tax Collector	3,685,326.33
Sewer Collector	211,404.63
Due from State - Senior Citizens & Vets	21,000.00
Revenue Accounts Receivable	9,224,886.99
DCA Inspections Fees	1,763.00
Change Fund	60.00
Payroll Taxes Payable	1,602,242.13
Due From Trust Other	23,142.18
County Energy Receipts Tax	2,195,000.00
Federal & State Grants Unappropriated	20,682.74
Federal & State Grants Receivable	<u>87,502.91</u>
Subtotal	<u>17,073,010.91</u>
	<u>18,968,585.90</u>
Decreased by Disbursements:	
Current Year Appropriations	6,787,821.10
Appropriation Reserves	41,283.64
Encumbrances Payable	1,797,483.10
County Taxes	3,484,006.34
County Energy Receipts Tax	2,195,000.00
Payroll Taxes Payable	1,608,684.31
DCA Inspections Fees	1,453.00
Petty Cash	1,100.00
Refund of Prior Year Revenue	11,443.50
Reserve for Federal & State Grant	
Funds Appropriated	<u>3,990.08</u>
Total Disbursements	<u>15,932,265.07</u>
Balance December 31, 2021	<u><u>\$ 3,036,320.83</u></u>

## EXHIBIT A-5

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Tax Collector	Sewer Collector
Balance December 31, 2020	\$ -	\$ -
Increased by:		
Taxes Receivable	\$ 3,569,450.16	
Tax Title Lien Receivable	19,741.53	
Tax Overpayments	0.07	
Sewer Liens	7,950.80	
Prepaid Taxes	73,676.01	
Sewer Rents		203,804.84
Sewer Overpayments		1,948.89
Miscellaneous Revenue Not Anticipated	14,507.76	5,650.90
Subtotal	<u>3,685,326.33</u>	<u>211,404.63</u>
Decreased by:		
Payments to Treasurer	<u>3,685,326.33</u>	<u>211,404.63</u>
Balance December 31, 2021	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## EXHIBIT A-6

**SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Balance	
	12/31/2021	12/31/2020
Office:		
Municipal Court	\$ 150.00	\$ 150.00
Municipal Clerk	40.00	50.00
Treasurer		50.00
Tax Collector	<u>100.00</u>	<u>100.00</u>
Total	<u><u>\$ 290.00</u></u>	<u><u>\$ 350.00</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF CURRENT FUND INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	<u>\$ 3,000,000.00</u>
Balance December 31, 2021	<u><u>3,000,000.00</u></u>

Investment	Issue	Date of 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>\$ 3,000,000.00</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, 2021**

YEAR	BALANCE DECEMBER 31, 2020		2021 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	(REMITTED)/ CANCELLED	TRANSFER TO FORECLOSED PROPERTY	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2021									
					2020	2021														
2020	\$	31,159.50	\$	-	\$	-	\$	28,844.43	\$	-	\$	13.94	\$	-	\$	2,300.41	\$	0.72		
Total		31,159.50		-		-		28,844.43		-		13.94		-		2,300.41		0.72		
2021		-		3,485,034.93		202,229.93		65,625.82		3,566,916.07		20,452.05		1,687.47		1,004.55		6,360.12		25,218.78
Total	\$	31,159.50	\$	3,485,034.93	\$	202,229.93	\$	65,625.82	\$	3,595,760.50	\$	20,452.05	\$	1,701.41	\$	1,004.55	\$	8,660.53	\$	25,219.50

Cash Receipts	\$	3,569,450.16
Homestead Rebate		22,042.18
Overpayments Applied		4,268.16
Total	\$	3,595,760.50

**ANALYSIS OF PROPERTY TAX LEVY**

General Purpose Tax	\$	3,485,034.93
Added & Omitted Taxes		202,229.93
Total	\$	3,687,264.86

**TAX LEVY:**

County Taxes:

General County Tax	\$	3,426,976.62
County Open Space		57,029.72
Due County for Added & Omitted Taxes		202,229.91
Add: Additional Tax Levied		1,028.61
		\$3,686,236.25
		1,028.61

Total	\$	3,687,264.86
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## EXHIBIT A-9

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$	30,836.19
Increased by:			
Transfers from Taxes Receivable	\$	8,660.53	
Tax Sale & Interest and Cost		447.20	9,107.73
			<hr/>
Subtotal			39,943.92
Decreased by:			
Transferred to Foreclosed Property			13,840.73
Lien Payments Received			19,741.53
			<hr/>
Subtotal			33,582.26
			<hr/>
Balance December 31, 2021		\$	<u>6,361.66</u>

## EXHIBIT A-10

**SCHEDULE OF DUE STATE OF NJ  
VETERAN AND SENIOR CITIZEN DEDUCTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$	16,757.93
Decreased by:			
Cash Receipts			21,000.00
			<hr/>
			37,757.93
Decreased by:			
Senior Citizen & Veterans Deductions Per Tax Billings	\$	21,500.00	
Deductions Allowed by Tax Collector		500.00	
Deductions Disallowed by Tax Collector		(1,547.95)	20,452.05
			<hr/>
Balance December 31, 2021		\$	<u>17,305.88</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
ANALYSIS OF FORECLOSED PROPERTY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 103,430.00
Increased By:	
Transfer from Tax Title Liens	13,840.73
Transfer from Taxes	1,004.55
Transfer from Sewer Liens	4,500.00
Transfer from Miscellaneous Liens	<u>294.40</u>
	123,069.68
Decreased By:	
Adjustment to Assessed Valuation	<u>1,289.68</u>
Balance December 31, 2021	<u><u>\$ 121,780.00</u></u>

ANALYSIS OF FORECLOSED PROPERTY:

Foreclosed Property	<u>\$ 121,780.00</u>
	<u><u>\$ 121,780.00</u></u>

## EXHIBIT A-12

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF SEWER RENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 48,862.36
Increased by:	
Sewer Rents Levied	203,281.08
Sewer Overpayments	<u>1,948.89</u>
Subtotal	254,092.33
Decreased by:	
Cash Receipts	205,753.73
Overpayments Applied	1,450.00
Canceled	7,948.91
Deduction Allowed	675.00
Transferred to Liens	<u>3,600.00</u>
Subtotal	<u>219,427.64</u>
Balance December 31, 2021	<u><u>\$ 34,664.69</u></u>

## EXHIBIT A-13

**SCHEDULE OF SEWER LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 9,991.34
Increased by:	
Transfers from Sewer Rents	<u>3,600.00</u>
Subtotal	13,591.34
Decreased by:	
Transferred to Foreclosed Property	4,500.00
Canceled	240.54
Cash Receipts	<u>7,950.80</u>
Subtotal	<u>12,691.34</u>
Balance December 31, 2021	<u><u>\$ 900.00</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	ACCRUED IN 2021	REALIZED	BALANCE DECEMBER 31, 2021
<b>Miscellaneous Revenue Anticipated</b>				
Fines & Costs:				
Municipal Court	\$ 82.02	\$ 5,674.98	\$ 5,316.36	\$ 440.64
Interest on Investments and Deposits		2,796,846.24	2,796,846.24	
Trash Agreement		208,540.00	208,540.00	
Leisure Arms Rentals		135,926.17	135,926.17	
Energy Receipts Tax		5,000,361.00	5,000,361.00	
Garden State Trust		55,193.00	55,193.00	
Uniform Construction Code		30,034.00	30,034.00	
Shared Service Agreement				
Elsinboro Township Police Services		115,458.00	115,458.00	
Senior Citizen Lunch Program		30,506.00	30,506.00	
Reserve for Self Insurance Fund		600,000.00	600,000.00	
<b>Miscellaneous Revenue Not Anticipated</b>				
Interest & Costs on Taxes		14,245.15	14,245.15	
Interest & Costs on Sewer Rents		5,650.90	5,650.90	
Tax Collector Special Charges & Fees		242.61	242.61	
Planning & Zoning Fees		1,200.00	1,200.00	
Sale of Assets		41,830.77	41,830.77	
Fuel Reimbursement		15,976.76	15,976.76	
Refunds & Settlements		118,625.33	118,625.33	
Dumpster Fees		12,077.00	12,077.00	
Fios Franchise Fee		13,938.40	13,938.40	
Bulk Stickers		3,671.00	3,671.00	
Other Fees and Permits Clerk		3,395.10	3,395.10	262.00
Boat Ramp Passes		7,292.00	7,292.00	
Mobile Home Fees		2,600.00	2,600.00	
Miscellaneous		21,568.03	21,568.03	
Senior Citizen & Veterans Administrative Fee		420.00	420.00	
Recycling		4,131.83	4,131.83	
<b>Total Miscellaneous Revenues</b>	<b>\$ 82.02</b>	<b>\$ 9,245,404.27</b>	<b>\$ 9,245,045.65</b>	<b>\$ 702.64</b>

Sewer Collector	\$ 5,650.90
Tax Collector	14,507.76
Treasurer	<u>9,224,886.99</u>
	<u><u>\$ 9,245,045.65</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DEC. 31, 2020 RESERVED	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<b>General Government Functions:</b>				
Municipal Clerk:				
Salaries and Wages		-		-
Other Expenses	\$ 3,931.68	\$ 3,931.68	\$ 1,095.00	\$ 2,836.68
Purchasing Department:				
Postage	492.00	492.00	400.00	92.00
Rescue				
Other Expenses	9,760.21	9,760.21	274.01	9,486.20
<b>Public Works Functions:</b>				
Streets & Roads Maintenance:				
Salaries and Wages	5,417.32	15,417.32	15,000.00	417.32
Solid Waste Collection:				
Salaries and Wages	16,827.96	6,827.96		6,827.96
Public Building & Grounds:				
Other Expenses	11,661.69	11,661.69	10,934.18	727.51
<b>Other Common Operating Functions:</b>				
Housing Program				
Other Expenses	3,576.15	3,576.15	742.95	2,833.20
<b>Health &amp; Human Services:</b>				
Animal Control Program:				
Other Expenses	8,889.00	8,889.00	5,400.00	3,489.00
Other Accounts - No Change	720,336.53	720,336.53		720,336.53
<b>Total Operations Within "CAPS"</b>	<u>780,892.54</u>	<u>780,892.54</u>	<u>33,846.14</u>	<u>747,046.40</u>
<b>Deferred Charges &amp; Statutory Expenditures</b>				
<b>Municipal Within "CAPS":</b>				
<b>Statutory Expenditures:</b>				
Contributions to:				
Social Security System (O.A.S.I.)	15,637.21	15,637.21	1,147.50	14,489.71
Unemployment Insurance	1,751.73	1,751.73	90.00	1,661.73
<b>Total Deferred Charges &amp; Statutory Expenditures Within "CAPS"</b>	<u>17,388.94</u>	<u>17,388.94</u>	<u>1,237.50</u>	<u>16,151.44</u>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<u>798,281.48</u>	<u>798,281.48</u>	<u>35,083.64</u>	<u>763,197.84</u>
<b>Operations Excluded From "CAPS":</b>				
Interlocal Municipal Service Agreement:				
Police Services	2,978.48	2,978.48		2,978.48
Recycling Tax	5,000.00	5,000.00		5,000.00
Length of Service Awards Program	8,000.00	8,000.00	6,200.00	1,800.00
<b>Total Operations Excluded from "CAPS"</b>	<u>15,978.48</u>	<u>15,978.48</u>	<u>6,200.00</u>	<u>9,778.48</u>
<b>Grand Total All Appropriations</b>	<u>\$ 814,259.96</u>	<u>\$ 814,259.96</u>	<u>\$ 41,283.64</u>	<u>\$ 772,976.32</u>
Cash Disbursements			<u>\$ 41,283.64</u>	
Total			<u>\$ 41,283.64</u>	

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 1,874,440.58
Increased by:	
Current Year Appropriations	<u>1,780,177.38</u>
	3,654,617.96
Decreased by:	
Payments	1,797,483.10
Canceled	<u>24,755.18</u>
Subtotal	<u>1,822,238.28</u>
Balance December 31, 2021	<u><u>\$ 1,832,379.68</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020		\$	-
Increased by:			
County Tax	\$	3,426,976.62	
County Open Space Tax		<u>57,029.72</u>	<u>3,484,006.34</u>
Subtotal			3,484,006.34
Decreased by:			
Disbursements			<u>3,484,006.34</u>
Balance December 31, 2021		<u>\$</u>	<u>-</u>

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$	-
Increased by:		
County Share of Added Taxes		<u>202,229.91</u>
Balance December 31, 2021	<u>\$</u>	<u>202,229.91</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
FEDERAL AND STATE GRANTS FUND  
SCHEDULE OF FEDERAL & STATE GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	REVENUE REALIZED	RECEIVED	FROM GRANTS UNAPPROPRIATED
State Grants:			
Body Armor Grant	\$ 1,313.83		\$ 1,313.83
American Rescue Funds	87,502.91	87,502.91	
	<u>\$ 88,816.74</u>	<u>\$ 87,502.91</u>	<u>\$ 1,313.83</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
FEDERAL AND STATE GRANTS FUND  
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>STATE GRANTS</u>	BALANCE DECEMBER 31, 2020	CASH RECEIPTS	REALIZED AS REVENUE IN BUDGET	BALANCE DECEMBER 31, 2021
Body Armor Fund	\$ 1,423.28	\$ 1,175.21	\$ 1,313.83	\$ 1,284.66
Municipal Court Alcohol Education	83.35			83.35
Clean Communities	8,323.21	8,850.91		17,174.12
Recycling Tonnage Grant		10,656.62		10,656.62
	<hr/>			
Total All Grant	\$ 9,829.84	\$ 20,682.74	\$ 1,313.83	\$ 29,198.75
	<hr/>			

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
FEDERAL AND STATE GRANTS FUND  
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	TRANSFER FROM BUDGET APPROPRIATION	EXPENDED	BALANCE DECEMBER 31, 2021
Drunk Driving Enforcement Fund	\$ 10,949.07	\$ -	\$ -	\$ 10,949.07
Body Armor Grant	1,313.83	1,313.83	1,423.28	1,204.38
Alcohol Rehabilitation Grant	12,585.98			12,585.98
Clean Communities	50,831.71		2,566.80	48,264.91
Recycling Tonnage Grant	111,848.62			111,848.62
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
Total All Grants	<u>\$ 199,012.85</u>	<u>\$ 88,816.74</u>	<u>\$ 3,990.08</u>	<u>\$ 283,839.51</u>



**TRUST FUND**

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**TOWNSHIP OF LOWER ALLOWAYS CREEK  
TRUST FUND  
SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Dog Licenses</u>	<u>Self-Insurance</u>	<u>Other</u>
Balance December 31, 2020	\$ 6,048.63	10,340,336.32	\$ 102,603.19
Increased by Receipts:			
Animal Control	\$ 1,515.00		\$ -
Prepaid Dog Licenses	60.00		
Dog Registration Fees - Due State of New Jersey	228.00		
Planning Board Escrow			17,394.70
Leisure Arms Escrow			4,954.39
Tax Sale Redemptions			20,769.07
Tax Sale Premiums			6,900.00
Self-Insurance		5,495.00	
Transfer from Investment		25,969.37	
Due from current	1.09	4,000.14	14.62
Total Increases	<u>1,804.09</u>	<u>35,464.51</u>	<u>50,032.78</u>
Total Increases & Balances	<u>7,852.72</u>	10,375,800.83	<u>152,635.97</u>
 Dog Registration Fees - Due State of New Jersey	228.00		-
Encumbrances Payable			3,374.87
Planning Board Escrow			20,396.94
Leisure Arms Escrow			988.38
Tax Sale Redemptions			11,158.42
Tax Sale Premiums			4,800.00
Self-Insurance		600,030.04	
Due from current	1.09	4,000.14	
Total Disbursements	<u>229.09</u>	<u>604,030.18</u>	<u>40,718.61</u>
Balance December 31, 2021	<u>\$ 7,623.63</u>	<u>\$ 9,771,770.65</u>	<u>\$ 111,917.36</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, 2021**

Balance December 31, 2020	\$ 4,804.80
Increased by:	
Receipts:	
Dog License Fees	<u>1,515.00</u>
Subtotal	6,319.80
Decreased by:	
Statutory Excess Due Current	<u>1,988.20</u>
Balance December 31, 2021	<u><u>\$ 4,331.60</u></u>

**LICENSE FEES COLLECTED**

YEAR	AMOUNT
2020	\$ 2,052.00
2019	<u>2,279.60</u>
Total	<u><u>\$ 4,331.60</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
TRUST FUNDS  
SCHEDULE OF INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	LOSAP	Self-Insurance
Balance December 31, 2020	\$ 122,236.76	\$ 10,996,226.94
Increased by:		
Deposits	6,200.00	
Gain on Investment	22,042.98	
	<hr/>	
Subtotal	28,242.98	
	<hr/>	
Decreased by:		
Administrative Fees	1,125.00	
Amortization of Premium/Discount		25,969.37
	<hr/>	
Subtotal	1,125.00	25,969.37
	<hr/>	
Balance December 31, 2021	<u>\$ 149,354.74</u>	<u>\$ 10,970,257.57</u>

## Self-Insurance

Investment	Date of		Interest	Market	Amortized
	Issue	Maturity	Rate	Value	Cost
NJEDA St Pension	6/15/1997	2/15/2029	7.425%	\$ 2,513,660.00	\$ 1,986,299.31
NJEDA St Pension	6/15/1997	2/15/2029	7.425%	3,770,490.00	2,984,522.80
NJEDA St Pension	4/6/2009	2/15/2029	7.425%	1,582,348.97	1,268,914.62
NJ State Transportation Trust Fund	12/15/2020	6/15/2039	5.000%	315,012.50	297,005.00
NJ State Transportation Trust Fund	12/15/2020	6/15/2038	5.000%	316,017.50	297,571.11
NJ State Transportation Trust Fund	12/15/2020	6/15/2037	5.000%	317,080.00	299,182.35
NJ State Transportation Trust Fund	12/15/2020	6/15/2036	5.000%	318,275.00	300,078.44
NJ State Transportation Trust Fund	12/15/2020	6/15/2035	5.000%	319,365.00	302,212.33
NJ State Transportation Trust Fund	12/15/2020	6/15/2050	4.000%	2,569,432.50	2,461,670.20
NJ State Transportation Trust Fund	12/15/2020	6/15/2045	4.000%	516,550.50	492,757.00
NJ State Transportation Trust Fund	12/15/2020	6/15/2021	4.000%	291,942.50	280,044.41
				<hr/>	
				12,830,174.47	10,970,257.57
				<hr/>	

## LOSAP

Mutual Funds	\$ 104,576.76
Fixed Account Investment Contract	<hr/>
	44,777.98
	<hr/>
	<u>\$ 149,354.74</u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
TRUST OTHER FUND  
SCHEDULE OF TRUST FUND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

PURPOSE	BALANCE DECEMBER 31, 2020	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2021
Planning Board Escrow	\$ 28,412.44	\$ 17,394.70	\$ 20,396.94	\$ 25,410.20
PSE&G Escrow	2,300.67			2,300.67
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			8,016.63
Uniform Fire Safety Penalty Monies	21,278.35			21,278.35
Leisure Arms Escrow	7,737.82	4,954.39	988.38	11,703.83
Public Defender Fees	3,036.85			3,036.85
Tax Sale Redemptions		20,769.07	11,158.42	9,610.65
Tax Sale Premiums		6,900.00	4,800.00	2,100.00
LOSAP Benefits	122,236.76	28,242.98	1,125.00	149,354.74
Self-Insurance	21,336,563.26	5,495.00	600,030.04	20,742,028.22
Total	\$ 21,557,942.05	\$ 83,756.14	\$ 638,498.78	\$ 21,003,199.41

**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, 2021**

Balance December 31, 2020		\$ 16,490,882.48
Increased by Receipts:		
Grants Receivable		117,286.50
Transfer from Investments		<u>8,054,388.37</u>
Subtotal		24,662,557.35
Decreased by Disbursements:		
Encumbrances Payable	4,400.00	
Improvement Authorizations	<u>357,504.63</u>	<u>361,904.63</u>
Balance December 31, 2021		<u><u>\$ 24,300,652.72</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL CAPITAL INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 20,054,388.37
Increased by:	
Decreased by:	
Principal Withdrawn	8,000,000.00
Amortization of Premium/Discount	<u>54,388.37</u>
Subtotal	<u>8,054,388.37</u>
Balance December 31, 2021	<u><u>12,000,000.00</u></u>

Investment	Date of Issue	Maturity	Interest Rate	Market Value	Amortized Cost
U.S. Treasury Bonds	4/20/2012	2/15/2042	0.75%	\$ 7,735,564.45	\$ 5,000,000.00
NJ State Turnpike	8/20/2012	1/1/2040	7.41%	8,048,650.00	<u>7,000,000.00</u>
					<u><u>12,000,000.00</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Balance Dec. 31, 2020	Receipts Miscellaneous	Disbursements		Transfers	Balance Dec. 31, 2021
			Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	\$ 36,238,730.46				\$ (1,015,000.00)	\$ 35,223,730.46
Encumbrances Payable	4,400.00			4,400.00	409,851.47	409,851.47
Grants Receivable	(123,756.92)	117,286.50				(6,470.42)
<b>Improvement Authorizations:</b>						
<b>ORDINANCE</b>						
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	31,600.92			(19,500.00)	12,100.92
2012-06	Resurfacing Alloway Creek Neck Road	38,964.94				38,964.94
2014-12	Resurfacing Alloway Creek Neck Road	12,341.31				12,341.31
2017-05	Resurfacing Alloway Creek Neck Road	17,974.83				17,974.83
2018-04	Resurfacing Alloway Creek Neck Road	15,678.28	105.91			15,572.37
2019-03	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck	41,563.03	34,313.03			7,250.00
2019-03	Purchase of a Fire Truck	14,527.59				14,527.59
2018-08	Purchase of a New Trash Truck	46,259.60			(46,259.60)	
2020-02	Administrative, Building & Grounds, Public Safety & Public Works Equipment, and a Special Needs Bus with Wheelchair Lift	203,286.20	203,286.20			
2021-04	Building & Grounds Equipment, Public Safety Equipment, Public Works Equipment and School Materials		119,799.49		230,908.13	111,108.64
2021-08	Resurfacing Alloway Creek Neck Road				240,000.00	240,000.00
2021-09	Street and Road Maintenance				200,000.00	200,000.00
Total	36,545,270.85	117,286.50	357,504.63	4,400.00	-	36,300,652.72

EXHIBIT C-4

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 36,238,730.46
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>1,015,000.00</u>
Subtotal	1,015,000.00
Balance December 31, 2021	<u><u>\$ 35,223,730.46</u></u>

EXHIBIT C-5

**GENERAL CAPITAL FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Balance December 31, 2020	\$ 4,400.00
Increased by:	
Charges to Improvement Authorizations	<u>409,851.47</u>
	414,251.47
Decreased by:	
Payments	<u>4,400.00</u>
Balance December 31, 2021	<u><u>\$ 409,851.47</u></u>

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2020	AUTHORIZATIONS	EXPENDED	ENCUMBERED	BALANCE DEC. 31, 2021
		DATE	AMOUNT	FUNDED				FUNDED
2011-09	Solar Electric Generation Equipment		\$ 1,000,000.00	\$ 3,700.61				\$ 3,700.61
2012-05	Repairs and Related Costs to the Alloway Creek Bank		1,200,000.00	31,600.92			19,500.00	12,100.92
2012-06	Resurfacing Alloway Creek Neck Road		470,000.00	38,964.94				38,964.94
2014-12	Resurfacing Alloway Creek Neck Road		120,000.00	12,341.31				12,341.31
2017-05	Resurfacing Alloway Creek Neck Road		350,000.00	17,974.83				17,974.83
2018-04	Resurfacing Alloway Creek Neck Road		30,000.00	15,678.28		105.91		15,572.37
2019-03	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck		150,000.00	41,563.03		34,313.03		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	-
2020-02	Administrative, Building & Grounds, Public Safety & Public Works Equipment, and a Special Needs Bus with Wheelchair Lift		355,000.00	203,286.20		203,286.20		-
2021-04	Building & Grounds Equipment, Public Safety Equipment, Public Works Equipment and School Materials		575,000.00		575,000.00	119,799.49	344,091.87	111,108.64
2021-08	Resurfacing Alloway Creek Neck Road		240,000.00		240,000.00			240,000.00
2021-09	Street and Road Maintenance		200,000.00		200,000.00			200,000.00
Total				\$ 425,897.31	\$ 1,015,000.00	\$ 357,504.63	\$ 409,851.47	\$ 673,541.21

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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, 2021**

**TOWNSHIP OF LOWER ALLOWAYS CREEK  
SCHEDULE OF FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 2021-001**

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 are made to the general ledger 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, 2020**

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. 2020-001**

**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 2021-001.

**Federal Awards**

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

**State Financial Assistance**

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

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**TOWNSHIP OF LOWER ALLOWAYS CREEK**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS -  
REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2021:

<u>Name</u>	<u>Title</u>
Ellen Pompper	Mayor
Timothy Bradway	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, 2021.

#### **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, 2021.

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*.

## **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, 2021 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, 2020, 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 2021-001** (*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 2021-001**

The Chief Financial Officer ensure that required journal entries are made to the general ledger 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*

*Michael Holt*

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

Medford, New Jersey  
June 28, 2022