

**TOWNSHIP OF GALLOWAY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2021**



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**TOWNSHIP OF GALLOWAY**

**PART I**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - REGULATORY BASIS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2021**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of Township Council  
Township of Galloway, New Jersey

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Galloway, as of December 31, 2021 and 2020, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Galloway as of December 31, 2021 and 2020, or changes in financial position for the years then ended.

#### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2021 and 2020, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

#### ***Basis for Opinions***

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

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

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

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibility for the Audit of the Financial Statements***

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

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

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

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

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

### ***Supplementary Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2022, on our consideration of the Township of Galloway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Galloway's internal control over financial reporting and compliance.

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

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

**August 5, 2022**

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**EXHIBIT - A**  
**CURRENT FUND**

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

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Regular Fund:		
Cash and Investments		
Cash Treasurer	\$ 23,648,362.51	20,551,886.80
Cash - Change	1,000.00	1,500.00
Total Cash	<u>23,649,362.51</u>	<u>20,553,386.80</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	3,147.21	5,097.91
Total Other Receivables	<u>3,147.21</u>	<u>5,097.91</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	57,609.45	97,419.09
Tax Title and Other Liens	2,075,539.83	2,871,739.44
Property Acquired for Taxes - at Assessed Valuation	3,961,541.74	2,566,641.74
Property Deeded to Township	3,554,348.10	3,495,248.10
Revenue Accounts Receivable	10,131.23	12,145.38
Interfund Receivable:		
Special Water Assessment	-	30.60
Trust	-	25.58
Total Receivables and Other Assets	<u>9,659,170.35</u>	<u>9,043,249.93</u>
Total Regular Fund	<u>33,311,680.07</u>	<u>29,601,734.64</u>
Federal and State Grant Fund:		
Cash	281,679.48	456,043.37
Federal and State Grants Receivable	892,877.04	565,369.11
Due From Current Fund	4,042.29	-
Total Federal and State Grant Fund	<u>1,178,598.81</u>	<u>1,021,412.48</u>
Total Current Fund	<u>\$ 34,490,278.88</u>	<u>30,623,147.12</u>

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

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,116,151.32	2,448,658.39
Reserve for Encumbrances	2,313,023.01	1,746,456.24
Accounts Payable	131,294.56	-
Prepaid Taxes	1,169,731.82	1,101,921.25
Overpaid Taxes	103,271.11	87,057.21
Regional School Tax Payable	2,328,463.75	2,016,465.94
County Added Tax Payable	39,426.37	37,655.99
Due to FEMA	8,281.36	-
Due to State:		
Marriage Licenses	1,425.00	1,250.00
DCA Training Fees	7,659.00	5,417.00
Burial Fees	45.00	50.00
Interfund Payable:		
Sewer Utility Operating Fund	1,555.48	1,194.07
Trust - Trust Escrow	-	85.83
Trust - Inspection Escrow	-	-
Trust - Utility Escrow	-	-
Federal and State Grant Fund	4,042.29	-
Special Escrow	-	1.72
Other		
Unidentified Tax Receipt	487.06	487.06
Deposits for Trailer Courts	3,732.00	3,732.00
Deposits for Sale of Township Property	19,171.00	16,761.00
Reserve for LOSAP Payments	198,008.97	142,257.66
Reserve for Tax Appeals	675,000.00	675,000.00
Reserve for Capital Improvements	2,583,517.91	2,018,779.25
Reserve for Proceeds on Sale of Municipal Property	373,041.03	353,926.03
Reserve for Reassessment	87,480.00	87,480.00
Reserve for Technology	52,030.48	52,030.48
Reserve for Revision and Codification of Ordinances	4,312.26	4,312.26
	<u>12,221,150.78</u>	<u>10,800,979.38</u>
Reserve for Receivables and Other Assets	9,659,170.35	9,043,249.93
Fund Balance	<u>11,431,358.94</u>	<u>9,757,505.33</u>
Total Regular Fund	<u>33,311,680.07</u>	<u>29,601,734.64</u>
Federal and State Grant Fund:		
Unappropriated Reserves	4,042.29	3,540.00
Appropriated Reserves	730,728.50	639,752.58
Encumbrances Payable	381,708.46	299,271.34
Due from Current Fund	-	-
Reserve for Small Cities Revolving Loan Fund	<u>62,119.56</u>	<u>78,848.56</u>
Total Federal and State Grant Fund	<u>1,178,598.81</u>	<u>1,021,412.48</u>
Total Current Fund	<u>\$ 34,490,278.88</u>	<u>30,623,147.12</u>



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

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Fund Balance	\$ 4,128,000.00	5,555,000.00
Miscellaneous Revenue Anticipated	8,356,379.07	6,237,735.56
Receipts from Delinquent Taxes	215,965.08	209,004.73
Receipts from Current Taxes	86,065,825.02	84,421,756.61
Non Budget Revenue	627,527.64	477,050.36
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	2,791,660.80	1,920,468.43
Interfund Returned	56.18	-
Cancellation of Accounts Payable	-	-
Refund of Prior Year Expenses	-	8,455.45
Proceeds of Sale of Foreclosed Property	-	-
Cancelled Grants	-	7,880.42
Total Income	<u>102,185,413.79</u>	<u>98,837,351.56</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	10,079,639.00	9,920,324.00
Other Expenses	8,451,435.00	8,249,282.00
Deferred Charges & Statutory Expenditures	2,954,943.00	2,775,516.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	32,400.00	60,000.00
Other Expenses	700,151.70	558,267.77
Capital Improvements	2,605,738.66	2,133,016.98
Debt Service	2,138,726.13	2,939,187.50
Deferred Charges	-	-
Local District School Tax	33,992,665.00	33,665,475.00
Regional District School Tax	19,400,962.00	18,703,789.00
County Tax	15,977,434.29	15,312,488.39
County Share of Added Tax	39,426.37	37,655.99
Refund of Prior Year's Revenue	-	-
Other:		
Refund of Prior Year Revenue	3,739.04	66,331.44
Interfund Created	-	5.74
Prior Year Senior Citizens Veterans Disallowed	6,299.99	6,000.00
Unknown Tax Receipt	-	-
Total Expenditures	<u>96,383,560.18</u>	<u>94,427,339.81</u>
Excess/(Deficit) in Revenue	<u>5,801,853.61</u>	<u>4,410,011.75</u>

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

	<u>2021</u>	<u>2020</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Emergency Appropriation	-	-
	<u>-</u>	<u>-</u>
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>5,801,853.61</u>	<u>4,410,011.75</u>
Fund Balance January 1	<u>9,757,505.33</u>	<u>10,902,493.58</u>
	15,559,358.94	15,312,505.33
Decreased by:		
Utilization as Anticipated Revenue	<u>4,128,000.00</u>	<u>5,555,000.00</u>
Fund Balance December 31	<u>\$ 11,431,358.94</u>	<u>9,757,505.33</u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 4,128,000.00		4,128,000.00	-
Total Fund Balance Anticipated	4,128,000.00	-	4,128,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	50,000.00		73,814.00	23,814.00
Fees and Permits	100,000.00		152,622.00	52,622.00
Fines and Costs:				
Municipal Court	215,000.00		192,989.89	(22,010.11)
Interest and Costs on Taxes	300,000.00		248,458.11	(51,541.89)
Interest Earned on Investments	210,000.00		135,175.52	(74,824.48)
Planning Board - Special Application Fees	10,000.00		16,450.00	6,450.00
Payment in Lieu of Taxes - Brigantine Wildlife Refuge	27,000.00		28,409.00	1,409.00
Fire Safety Rebate	30,000.00		41,998.79	11,998.79
Fire Inspection	35,000.00		65,866.00	30,866.00
Cable TV Franchise Fee	125,000.00		126,068.24	1,068.24
Hotel Tax	360,000.00		659,841.87	299,841.87
Rental Inspections	75,000.00		94,775.00	19,775.00
Total Section A: Local Revenues	1,537,000.00	-	1,836,468.42	299,468.42
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	2,566,342.00		2,566,342.00	-
Watersed Moratorium	7,708.00		7,708.00	-
Garden State Preservation Trust Fund	7,234.00		11,140.00	3,906.00
Total Section B: State Aid Without Offsetting Appropriations	2,581,284.00	-	2,585,190.00	3,906.00

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	300,000.00		415,390.00	115,390.00
Total Section C: Uniform Construction Code Fees	300,000.00	-	415,390.00	115,390.00
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
NJ Transportation Trust Fund Authority Act	250,000.00		250,000.00	-
Recycling Tonnage Grant	65,944.69		65,944.69	-
Drunk Driving Enforcement Fund	12,226.38	-	12,226.38	-
Clean Communities	90,350.09	-	90,350.09	-
Municipal Alliance on Alcoholism & Drug Abuse	-	13,170.30	13,170.30	-
Community Development Block Grant	114,709.00		114,709.00	-
Safe and Secure Communities Program	32,400.00	-	32,400.00	-
Emergency Mgmt - EMMA Grant	10,000.00		10,000.00	-
Drive Sober or Get Pulled Over		16,500.00	16,500.00	-
Click It or Ticket	6,000.00		6,000.00	-
Federal Aggressive Driver	24,960.00	27,840.00	52,800.00	-
Body Armor	4,121.58		4,121.58	-
Bulletproof Vest Partnership	17,692.16	-	17,692.16	-
Body Worn Camera		122,280.00	122,280.00	-
Distracted Driving	7,500.00	-	7,500.00	-
Pedestrian Safety Enforcement Grant		34,003.00	34,003.00	-
Total Section F: Special Items - Public and Private Programs	635,903.90	213,793.30	849,697.20	-
Off-Set with Appropriations				

**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section G: Other Special Items				
American Rescue Plan Act of 2021	1,860,000.00		1,860,000.00	-
Communications - Dispatch Agreement				-
Mullica	214,000.00		220,172.78	6,172.78
RDI Lennox Property	167,738.66		167,738.67	0.01
Atlantic Care - Contribution	297,000.00		321,714.00	24,714.00
Aloe Village	100,000.00		100,000.00	-
Total Section G: Other Special Items	2,638,738.66	-	2,669,625.45	30,886.79
Total Miscellaneous Revenues:	7,692,926.56	213,793.30	8,356,371.07	449,651.21
Receipts from Delinquent Taxes	-		215,965.08	215,965.08
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	16,841,585.10		18,565,852.23	1,724,267.13
Total Amount to be Raised by Taxes for Support of Municipal Budget	16,841,585.10	-	18,565,852.23	1,724,267.13
Budget Totals	28,662,511.66	213,793.30	31,266,188.38	2,389,883.42
Non- Budget Revenues:				
Other Non- Budget Revenues:			627,527.64	627,527.64
	\$ 28,662,511.66	213,793.30	31,893,716.02	3,017,411.06

**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	\$	86,065,825.02
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Less: Reserve for Tax Appeals Pending		-
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Net Revenue from Collections		86,065,825.02
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## Allocated to:

School, County and Other Taxes		69,410,487.66
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Balance for Support of Municipal Budget Appropriations		16,655,337.36
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## Increased by:

Appropriation "Reserved for Uncollected Taxes"		1,910,514.87
--	--	--------------

Amount for Support of Municipal Budget Appropriations		18,565,852.23
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## Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$	68,654.25
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Tax Title Lien Collections		147,310.83
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Total Receipts from Delinquent Taxes		215,965.08
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## Analysis of Non-Budget Revenue:

## Miscellaneous Revenue Not Anticipated:

Tax Search Fees		625.00
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Mercantile License		18,229.00
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Improvement Searches		580.00
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Prior Year Reimbursements and Rebates		48,006.32
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Code Enforcement Fees		22,370.00
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Police Reports		12,679.00
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Sale of Recycling Material		13,570.70
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Sale of Municipal Assets		55,428.00
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Sale of Municipal Assets - Land		24,675.00
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Rental - Cell Phone Tower		53,914.49
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Payments in Lieu of Taxes		105,844.82
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Senior and Vets Administration Fee		5,300.78
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Shared Services - QPA		6,000.00
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Shared Services - Tax Assessor		43,333.33
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Shared Services - 911		34,959.13
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NJR Clean Energy Annual Rent		35,703.50
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Police Tow Releases		15,275.00
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Property Registration		20,900.00
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Loading Fee - Wood Chips		1,210.00
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Freon Fees		220.00
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FEMA Reimbursements		100,614.01
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Miscellaneous		8,089.56
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Total Miscellaneous Revenue Not Anticipated:		627,527.64
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**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
General Administration						
Salaries and Wages	\$ 137,500.00	107,500.00	102,481.41		5,018.59	-
Other Expenses	96,000.00	96,000.00	70,783.10	7,415.32	17,801.58	-
Mayor and Council						
Salaries and Wages	63,324.00	63,324.00	63,324.00		-	-
Other Expenses	10,500.00	10,500.00	8,831.96	698.44	969.60	-
Township Clerk						
Salaries and Wages	170,500.00	167,440.00	160,241.02		7,198.98	-
Other Expenses	71,800.00	74,860.00	64,690.39	6,750.33	3,419.28	-
Financial Administration						
Salaries and Wages	203,000.00	203,000.00	198,609.94		4,390.06	-
Other Expenses	52,500.00	50,000.00	35,344.41	598.72	14,056.87	-
Audit Services	26,000.00	26,000.00	24,500.00		1,500.00	-
Revenue Administration (Tax Collector)						
Salaries and Wages	141,000.00	141,000.00	138,599.89		2,400.11	-
Other Expenses	65,200.00	65,200.00	36,568.63	1,338.55	27,292.82	-
Tax Assessment Administration						
Salaries and Wages	196,000.00	166,000.00	160,530.49		5,469.51	-
Other Expenses	61,500.00	61,500.00	27,655.68	8,816.88	25,027.44	-
Legal Services						
Other Expenses	300,000.00	374,500.00	275,266.60	72,838.55	26,394.85	-
Liquidation of Tax Title Liens						
Other Expenses	100,000.00	100,000.00	14,683.87	85,316.13	-	-
Engineering Services and Costs						
Other Expenses	60,000.00	60,000.00	7,275.25	8,390.00	44,334.75	-
Municipal Court						
Salaries and Wages	264,000.00	264,000.00	247,844.81		16,155.19	-
Other Expenses	24,400.00	24,400.00	8,490.92	797.54	15,111.54	-
Municipal Prosecutor's Office						
Other Expenses	90,000.00	100,000.00	84,330.00	3,875.00	11,795.00	-
Public Defender						
Other Expenses	10,000.00	10,000.00	10,000.00		-	-
Planning Board						
Salaries and Wages	8,500.00	8,500.00	8,499.96		0.04	-
Other Expenses	45,050.00	45,050.00	4,511.93	3,964.98	36,573.09	-
Zoning Board of Adjustment						
Salaries and Wages	8,500.00	8,500.00	8,499.96		0.04	-
Other Expenses	44,000.00	44,000.00	3,238.91	238.68	40,522.41	-
Code Enforcement Administration						
Other Code Enforcement Functions	15,000.00	15,000.00	6,595.00		8,405.00	-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Insurance						
Liability Insurance	410,232.00	410,232.00	410,232.00	-	-	-
Workers Compensation Insurance	606,162.00	606,162.00	606,162.00	-	-	-
Group Insurance Plan for Employees	2,439,000.00	2,439,000.00	2,042,262.09	303,146.44	93,591.47	-
Health Waivers						
Salaries and Wages	60,000.00	60,000.00	41,550.00		18,450.00	-
<b>PUBLIC SAFETY</b>						
Police						
Salaries and Wages	6,231,500.00	6,231,500.00	5,812,905.03		418,594.97	-
Other Expenses	484,250.00	484,250.00	317,065.39	73,939.09	93,245.52	-
Vehicles	353,335.00	353,335.00	83,863.61	268,423.82	1,047.57	-
Police Dispatch 911						
Salaries and Wages	749,000.00	749,000.00	709,998.68		39,001.32	-
Other Expenses	54,000.00	54,000.00	31,215.33	5,445.53	17,339.14	-
Office of Emergency Management						
Salaries and Wages	15,000.00	15,000.00	12,500.00		2,500.00	-
Other Expenses	15,000.00	15,000.00	6,215.64	4,232.37	4,551.99	-
Aid to Volunteer Fire Companies	190,000.00	190,000.00	190,000.00		-	-
Fire						
Salaries and Wages	78,000.00	78,000.00	75,154.79		2,845.21	-
Other Expenses	253,145.00	253,145.00	219,342.07	26,625.78	7,177.15	-
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance						
Salaries and Wages	766,000.00	766,000.00	672,484.61		93,515.39	-
Other Expenses	296,850.00	296,850.00	158,919.61	93,333.54	44,596.85	-
Other Public Works Functions						
Salaries and Wages	121,500.00	121,500.00	116,332.17		5,167.83	-
Other Expenses	36,300.00	36,300.00	19,771.34	6,640.29	9,888.37	-
Buildings and Grounds						
Salaries and Wages	153,500.00	153,500.00	129,202.16		24,297.84	-
Other Expenses	179,800.00	179,800.00	105,426.31	24,876.69	49,497.00	-
Vehicle Maintenance						
Salaries and Wages	199,000.00	199,000.00	169,690.75		29,309.25	-
Other Expenses	400,250.00	400,250.00	242,653.80	144,558.11	13,038.09	-
Community Services Acts	25,000.00	25,000.00	10,548.47		14,451.53	-



**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>HEALTH AND HUMAN SERVICE</b>						
Environmental Health Services	3,000.00	3,000.00	1,343.51		1,656.49	-
<b>PARKS AND RECREATION</b>						
Maintenance of Parks						
Other Expenses	64,725.00	64,725.00	49,696.14	5,309.38	9,719.48	-
Community and Recreation Services						
Salaries and Wages	100,000.00	100,000.00	87,963.81		12,036.19	-
Other Expenses	84,000.00	84,000.00	49,689.89	3,065.12	31,244.99	-
<b>UNIFORM CONSTRUCTION CODE</b>						
Construction Official						
Salaries and Wages	421,000.00	398,875.00	319,642.91		79,232.09	-
Other Expenses	86,251.00	86,376.00	71,354.34	1,341.48	13,680.18	-
Rental Inspections						
Salaries and Wages	78,000.00	78,000.00	76,442.99		1,557.01	-
<b>UNCLASSIFIED</b>						
Accumulated Leave of Compensation	1,000.00	1,000.00	1,000.00		-	-
Feasibility Study	10,000.00	10,000.00	-		10,000.00	-
Utilities						
Electricity	200,000.00	200,000.00	165,076.41	19,307.77	15,615.82	-
Street Lighting	185,000.00	185,000.00	155,389.88	16,577.68	13,032.44	-
Telephone	60,000.00	60,000.00	55,515.97	503.29	3,980.74	-
Natural Gas	55,000.00	55,000.00	34,527.89	6,607.52	13,864.59	-
Gasoline	310,000.00	310,000.00	282,478.47	27,521.53	0.00	-
Water	370,000.00	370,000.00	322,476.58	38,000.00	9,523.42	-
Telecommunications	17,000.00	17,000.00	12,738.32	-	4,261.68	-
Landfill/Solid Waste Disposal Costs	105,000.00	105,000.00	65,880.26	10,567.53	28,552.21	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>18,531,074.00</b>	<b>18,531,074.00</b>	<b>15,706,111.35</b>	<b>1,281,062.08</b>	<b>1,543,900.57</b>	<b>-</b>
Contingent	-					-
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>18,531,074.00</b>	<b>18,531,074.00</b>	<b>15,706,111.35</b>	<b>1,281,062.08</b>	<b>1,543,900.57</b>	<b>-</b>
Detail:						
Salaries and Wages	10,164,824.00	10,079,639.00	9,312,499.38	-	767,139.62	-
Other Expenses	8,366,250.00	8,451,435.00	6,393,611.97	1,281,062.08	776,760.95	-

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	485,166.00	485,166.00	485,166.00	-	-
Social Security System (O.A.S.I.)	740,000.00	740,000.00	694,873.94	45,126.06	-
Unemployment Compensation Insurance	80,000.00	80,000.00	38,688.20	41,311.80	-
Police and Firemen's Retirement System	1,639,777.00	1,639,777.00	1,639,777.00	-	-
Defined Contribution Retirement Program	10,000.00	10,000.00	5,371.03	4,628.97	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,954,943.00	2,954,943.00	2,863,876.17	91,066.83	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	21,486,017.00	21,486,017.00	18,569,987.52	1,634,967.40	-
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS"	125,000.00	125,000.00	110,400.00	14,600.00	-
Length of Service Award Program	125,000.00	125,000.00	110,400.00	14,600.00	-
(A) Public and Private Programs Off-Set by Revenues					
Drunk Driving Enforcement Fund	12,226.38	12,226.38	12,226.38	-	-
Body Armor	4,121.58	4,121.58	4,121.58	-	-
Municipal Alliance on Alcoholism and Drug Abuse	-	13,170.30	13,170.30	-	-
County Share	7,854.50	7,854.50	7,854.50	-	-
Local Share	17,692.16	17,692.16	17,692.16	-	-
Bulletproof Vest Partnership	24,960.00	52,800.00	52,800.00	-	-
Federal Aggressive Driver	6,000.00	6,000.00	6,000.00	-	-
Click It or Ticket					
Safe and Secure Program	32,400.00	32,400.00	32,400.00	-	-
Salaries and Wages					

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Recycling Tonnage Grant	65,944.69	65,944.69	65,944.69	-	-	-
Drive Sober or Get Pulled Over		16,500.00	16,500.00	-	-	-
Body Worn Camera		122,280.00	122,280.00	-	-	-
Community Development Block Grant	114,709.00	114,709.00	114,709.00	-	-	-
Clean Communities	90,350.09	90,350.09	90,350.09	-	-	-
Distracted Driving	7,500.00	7,500.00	7,500.00	-	-	-
Pedestrian Safety Enforcement Grant		34,003.00	34,003.00	-	-	-
Emergency Management - EMMA	10,000.00	10,000.00	10,000.00	-	-	-
Matching Funds for Grants	-	-	-	-	-	-
Total Public and Private Programs Off-Set by Revenues	393,758.40	607,551.70	607,551.70	-	-	-
Total Operations - Excluded from "CAPS"	518,758.40	732,551.70	717,951.70	-	14,600.00	-
Detail:						
Salaries and Wages	32,400.00	32,400.00	32,400.00	-	-	-
Other Expenses	486,358.40	700,151.70	685,551.70	-	14,600.00	-
(C) Capital Improvements						
Capital Improvement Fund	1,000.00	1,000.00	1,000.00	-	-	-
Improvements to Municipal Buildings & Property	100,000.00	100,000.00	25,012.75	43,340.48	31,646.77	-
Purchase of Fire Truck	515,000.00	515,000.00		514,800.00	200.00	-
Sewer Extension	175,000.00	175,000.00	2,321.50	10,178.50	162,500.00	-
Drainage Improvements	570,000.00	570,000.00	-	365,730.00	204,270.00	-
Reserve for Future Capital - RDI Lennox Property	167,738.66	167,738.66	167,738.66	-	-	-
Reserve for Future Capital - Atlantic Care	297,000.00	297,000.00	297,000.00	-	-	-
Reserve for Future Capital - Aloe Village	100,000.00	100,000.00	100,000.00	-	-	-
Purchase of Street Sweeper	270,000.00	270,000.00	264,120.90	-	5,879.10	-
Purchase of Skid Steer	110,000.00	110,000.00	-	97,911.95	12,088.05	-
Broadband Infrastructure Improvements	50,000.00	50,000.00	-	-	50,000.00	-
Playground Improvements	-	-	-	-	-	-
New Jersey Transportation Trust Fund Authority Act	250,000.00	250,000.00	250,000.00	-	-	-
Total Capital Improvements	2,605,738.66	2,605,738.66	1,107,193.81	1,031,960.93	486,583.92	-
(D) Debt Service						
Payment of Bond Principal	1,290,000.00	1,290,000.00	1,290,000.00	-	-	-
Payment of Bond Anticipation Notes	690,000.00	690,000.00	690,000.00	-	-	-
Interest on Bonds	93,862.50	93,862.50	93,862.50	-	-	-
Interest on Notes	50,000.00	50,000.00	47,243.40	-	-	2,756.60
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	11,624.43	11,624.43	11,624.43	-	-	-
NJEIT Principal & Interest	5,995.80	5,995.80	5,995.80	-	-	-
Total Debt Service	2,141,482.73	2,141,482.73	2,138,726.13	-	-	2,756.60

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget	Appropriations	Budget After Modifications	Paid or Charged	Expended	Unexpended Balance Cancelled
					Encumbered	Reserved
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	5,265,979.79		5,479,773.09	3,963,871.64	1,031,960.93	481,183.92
SUBTOTAL GENERAL APPROPRIATIONS	26,751,996.79		26,965,790.09	22,533,859.16	2,313,023.01	2,116,151.32
(M) Reserve for Uncollected Taxes	1,910,514.87		1,910,514.87	1,910,514.87		-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 28,662,511.66</u>		<u>28,876,304.96</u>	<u>24,444,374.03</u>	<u>2,313,023.01</u>	<u>2,116,151.32</u>
Budget		\$	28,662,511.66			2,756.60
Appropriations by 40A-4-87			<u>213,793.30</u>			<u>-</u>
			<u>28,876,304.96</u>			<u>2,756.60</u>
Reserve for Uncollected Taxes		\$	1,910,514.87			
Federal and State Grants			857,551.70			
Deferred Charges			-			
Reserve for Future Capital - RDI Lennox Property			167,738.66			
Reserve for Future Capital - Atlantic Care			297,000.00			
Reserve for Future Capital - Aloe Village			100,000.00			
Disbursements			<u>21,111,568.80</u>			
			<u>24,444,374.03</u>			
					Cancelled Overexpended	
						<u>2,756.60</u>

**EXHIBIT - B**  
**TRUST FUND**

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

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>Animal Control Fund</u>		
Cash	\$ 2,757.54	3,603.94
	<u>2,757.54</u>	<u>3,603.94</u>
<u>Assessment Fund</u>		
Cash	409,933.97	401,937.37
Assessments Receivable	239.16	8,266.36
Assessment Liens Receivable	-	-
	<u>410,173.13</u>	<u>410,203.73</u>
<u>Length of Service Award Program (LOSAP)</u>		
Investments		
Mutual Funds	2,801,013.66	2,499,172.20
	<u>2,801,013.66</u>	<u>2,499,172.20</u>
<u>Other Funds</u>		
Cash - Treasurer	6,354,742.67	6,169,290.39
Cash - Collector	2,443,740.01	2,213,414.06
Due from Taxpayer	855.55	855.55
Due from Current Fund	-	61.97
Due from Utility Operating	0.36	0.18
	<u>8,799,338.59</u>	<u>8,383,622.15</u>
	<u>12,013,282.92</u>	<u>11,296,602.02</u>

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

	2021	2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	2,752.14	3,599.74
Due to State of New Jersey	5.40	4.20
Due to Trust Fund Other		-
	<u>2,757.54</u>	<u>3,603.94</u>
<u>Assessment Fund</u>		
Reserve for Assessments & Liens	106,633.22	106,633.22
Due to Current Fund	-	30.60
Deposits on Future Assessments	2,897.46	2,897.46
Fund Balance	300,642.45	300,642.45
	<u>410,173.13</u>	<u>410,203.73</u>
<u>Length of Service Award Program (LOSAP)</u>		
Net Assets Available for Benefits	2,801,013.66	2,499,172.20
	<u>2,801,013.66</u>	<u>2,499,172.20</u>
<u>Other Funds</u>		
Overpayment	50.81	50.81
Funds Held in Escrow	1,487,031.86	1,653,818.41
Premiums Received at Tax Sales	2,412,750.00	2,090,350.00
Deposits for Redemption of Tax Sale Certificates	28,822.52	120,958.54
Funds Held in Escrow - Developer Fees	408,482.34	300,221.40
Payroll Deductions and Taxes Payable	89,639.39	85,970.95
Reserves for:		
Community Events	262,152.48	238,569.28
Compensated Absences	707,794.16	719,479.25
General Liability Insurance Fund	623,120.02	580,440.69
Housing Trust Fund	969,999.74	901,361.67
Landfill Closure	607,727.76	605,423.64
Parking Offenses Adjudication Act	5,183.10	5,183.10
Police Special Detail	253,305.88	234,796.92
Public Defender Fees	4,569.47	4,195.30
Special Law Enforcement Fund	38,358.16	41,197.75
Uniform Fire Safety	2,007.40	1,999.79
Utility Escrow Deposits	217,818.17	184,514.07
Snow Removal	442,835.15	365,769.24
Workers Compensation	237,690.18	249,321.34
	<u>8,799,338.59</u>	<u>8,383,622.15</u>
	<u>\$ 12,013,282.92</u>	<u>11,296,602.02</u>



**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

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

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash	\$ 3,762,157.78	3,118,765.14
Deferred Charges to Future Taxation -		
Funded	2,057,905.67	3,364,834.64
Unfunded	5,950,000.00	5,215,000.00
	<u>11,770,063.45</u>	<u>11,698,599.78</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	1,440,963.77	625,734.74
Bond Anticipation Notes Payable	4,525,000.00	3,790,000.00
Serial Bonds Payable	2,000,000.00	3,290,000.00
Green Trust Loan Payable	5,754.67	17,093.64
NJEIT Loan Payable	52,151.00	57,741.00
Improvement Authorizations:		
Funded	864,141.81	1,131,854.03
Unfunded	2,064,782.05	1,927,305.22
Capital Improvement Fund	278,784.93	352,784.93
Fund Balance	538,485.22	506,086.22
	<u>\$ 11,770,063.45</u>	<u>11,698,599.78</u>

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

2020	1,425,000.00
2021	1,425,000.00

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

	<u>2021</u>	<u>2020</u>
Beginning Balance January 1	\$ 506,086.22	469,638.05
Increased by:		
Premium on Sale of Bonds/BANs	32,399.00	28,230.57
Cancellation of Funded Improvement Authorizations		
Cancellation of Grants funded by General Capital	-	8,217.60
Decreased by:		
None	-	-
Ending Balance December 31	<u>\$ 538,485.22</u>	<u>506,086.22</u>

**EXHIBIT - D**  
**SEWER UTILITY FUND**

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

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
Operating Fund:		
Cash	\$ 7,935,080.66	6,760,556.49
Interfunds and Receivables		
Due from Current Fund	1,555.48	1,194.07
	<u>7,936,636.14</u>	<u>6,761,750.56</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	9,040.46	8,486.56
Utility Liens	5,957.66	6,955.16
	<u>14,998.12</u>	<u>15,441.72</u>
Total Operating Fund	<u>7,951,634.26</u>	<u>6,777,192.28</u>
Capital Fund:		
Cash - Treasurer	1,696,964.18	1,864,684.86
Fixed Capital	32,461,588.24	32,461,588.24
Fixed Capital - Authorized and Uncompleted	9,731,258.00	9,731,258.00
Total Capital Fund	<u>43,889,810.42</u>	<u>44,057,531.10</u>
	<u>\$ 51,841,444.68</u>	<u>50,834,723.38</u>

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

	2021	2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 1,773,443.12	1,508,217.14
Accounts Payable	28,741.05	-
Reserve for Encumbrances	562,496.87	215,208.10
Utility Overpayments	46,982.36	40,233.97
Accrued Interest on Bonds and Notes	26,212.50	35,961.22
Reserve for Maintenance of Pump Stations	3,167.00	3,167.00
Reserve for EPA Funds	14,765.00	14,765.00
Due to Utility Escrow	0.36	0.18
	<u>2,455,808.26</u>	<u>1,817,552.61</u>
Reserve for Receivables	14,998.12	15,441.72
Fund Balance	5,480,827.88	4,944,197.95
Total Operating Fund	<u>7,951,634.26</u>	<u>6,777,192.28</u>
Capital Fund:		
Contracts Payable	28,549.12	209,191.90
Serial Bonds Payable	680,000.00	1,020,000.00
N.J. E.I.T. Loans Payable	501,167.48	595,359.31
Bond Anticipation Notes	3,200,000.00	3,800,000.00
Improvement Authorizations:		
Funded	109,266.14	109,266.14
Unfunded	283,863.31	293,853.21
Reserve for Amortization	35,016,795.76	34,582,603.93
Deferred Reserve for Amortization	2,794,883.00	2,194,883.00
Reserve for Debt Service	15,070.51	15,070.51
Capital Improvement Fund	195,068.25	195,068.25
Fund Balance	1,065,146.85	1,042,234.85
Total Capital Fund	<u>43,889,810.42</u>	<u>44,057,531.10</u>
	<u>\$ 51,841,444.68</u>	<u>50,834,723.38</u>

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

2020	-
2021	-



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

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Fund Balance	\$ 1,050,000.00	907,325.00
Rents	6,229,768.63	6,214,652.71
Miscellaneous Revenue Anticipated	169,855.73	261,739.30
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,564,159.80	1,223,725.42
Total Income	<u>9,013,784.16</u>	<u>8,607,442.43</u>
Expenditures		
Operations	5,504,500.00	5,341,000.00
Capital Improvements	600,000.00	600,000.00
Debt Service	1,103,884.88	1,123,577.94
Deferred Charges & Statutory Expenditures	187,618.00	180,250.00
Other Charges to Income:		
Refund of Prior Year Revenue	31,151.35	2,059.64
Total Expenditures	<u>7,427,154.23</u>	<u>7,246,887.58</u>
Excess/(Deficit) in Revenue	<u>1,586,629.93</u>	<u>1,360,554.85</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Excess in Operations	<u>1,586,629.93</u>	<u>1,360,554.85</u>
Fund Balance January 1	<u>4,944,197.95</u>	<u>4,490,968.10</u>
	6,530,827.88	5,851,522.95
Decreased by:		
Utilization as Anticipated Revenue	<u>1,050,000.00</u>	<u>907,325.00</u>
Fund Balance December 31	<u>\$ 5,480,827.88</u>	<u>4,944,197.95</u>

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

	<u>2021</u>	<u>2020</u>
Beginning Balance January 1	\$ 1,042,234.85	1,013,929.79
Increased by:		
Premium on Sale of Bond Anticipation Notes	22,912.00	28,305.06
Decreased by:		
Surplus budgeted in Current Fund	-	-
Ending Balance December 31	<u>\$ 1,065,146.85</u>	<u>1,042,234.85</u>

**SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 1,050,000.00	1,050,000.00	-
Rents	6,200,000.00	6,229,768.63	29,768.63
Miscellaneous	185,443.00	169,855.73	(15,587.27)
	<u>\$ 7,435,443.00</u>	<u>7,449,624.36</u>	<u>14,181.36</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	6,187,382.16
Overpayments Applied	40,233.97
Liens Collected	2,152.50
Other	-

6,229,768.63

Miscellaneous

Interest on Rents	25,435.76
Interest on Investments	36,498.97
Connection Permits	44,800.00
Road Opening Permits	62,161.00
Miscellaneous	960.00

169,855.73

**SEWER UTILITY FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>Operations:</b>					
Salaries and Wages	1,341,500.00	1,341,500.00	1,219,197.90	122,302.10	
Other Expenses	4,163,000.00	4,163,000.00	2,527,986.07	338,102.66	1,296,911.27
	<u>5,504,500.00</u>	<u>5,504,500.00</u>	<u>3,747,183.97</u>	<u>338,102.66</u>	<u>1,419,213.37</u>
					-
<b>Capital Improvements:</b>					
Capital Improvement Fund	-	-			
Capital Outlay	600,000.00	600,000.00	28,066.25	224,394.21	347,539.54
	<u>600,000.00</u>	<u>600,000.00</u>	<u>28,066.25</u>	<u>224,394.21</u>	<u>347,539.54</u>
					-
<b>Debt Service:</b>					
Payment of Bond Principal	340,000.00	340,000.00	340,000.00	-	-
Payment on Bond Anticipation Notes & Capital Notes	600,000.00	600,000.00	600,000.00	-	-
Interest on Bonds	29,325.00	29,325.00	29,325.00	-	-
Interest on Notes	50,000.00	50,000.00	47,368.05	-	2,631.95
NJEIT Loan Principal Payments	124,000.00	124,000.00	87,191.83	-	36,808.17
	<u>1,143,325.00</u>	<u>1,143,325.00</u>	<u>1,103,884.88</u>	<u>-</u>	<u>39,440.12</u>
<b>Deferred Charges and Statutory Expenditures:</b>					
Improvement Authorizations Unfunded #1936	-	-			
Public Employees' Retirement System	85,618.00	85,618.00	85,617.43	0.57	
Social Security System	95,000.00	95,000.00	91,791.95	3,208.05	
Unemployment Compensation Insurance	7,000.00	7,000.00	3,518.41	3,481.59	
	<u>187,618.00</u>	<u>187,618.00</u>	<u>180,927.79</u>	<u>6,690.21</u>	<u>-</u>
<b>\$</b>	<u><u>7,435,443.00</u></u>	<u><u>7,435,443.00</u></u>	<u><u>5,060,062.89</u></u>	<u><u>562,496.87</u></u>	<u><u>39,440.12</u></u>
		Cash Disbursements	4,983,369.84		
		Accrued Interest	76,693.05		
		<u>5,060,062.89</u>			

**EXHIBIT - E**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

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**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	Balance December 31, 2021	Balance December 31, 2020
<u>Assets</u>		
Land and Land Improvements	\$ 1,717,624.00	1,717,624.00
Building and Building Improvements	3,347,172.00	3,347,172.00
Machinery, Equipment and Vehicles	15,817,336.67	15,872,841.60
	<hr/>	<hr/>
Total General Fixed Assets	<u>20,882,132.67</u>	<u>20,937,637.60</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Investment in General Fixed Assets	\$ <u>20,882,132.67</u>	<u>20,937,637.60</u>

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

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

The Township of Galloway is one of the oldest municipalities in the State of New Jersey, having predated the Declaration of Independence. The original Galloway Township was established by Royal Decree on April 4, 1774. It now consists of 92.3 square miles situated approximately seven miles west of Atlantic Township along Route 30. The Township is essentially a semi-rural and residential community with some important industrial and institutional facilities. The Garden State Parkway and U.S. Route 30, which pass directly through the Township, are rapid transportation access corridors to Atlantic Township from Philadelphia, New York and Washington. The Township is governed under a Council Manager Plan E form of government with seven councilpersons elected for staggered terms. The population, according to the 2010 census, is 37,349.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township has no component units.

#### **B. Description of Funds**

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

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

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

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

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

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



## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

### **C. Basis of Accounting**

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

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

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

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

Foreclosed Property & Property Deeded to Township -- Foreclosed Property and Property Deeded to Township are recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

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

Levy of Utility Charges – The Township operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of Township. Charges are billed semi-annually and due semi-annual installments on March 20 and September 20.

Interest on Delinquent Utility Charges -- It is the policy of the Township to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the Township of Galloway to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

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

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

### **D. Required Financial Statements**

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

### **E. Comparative Data**

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

### **F. Recent Accounting Pronouncements Not Yet Effective**

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private Partnerships and Availability Payment Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the Township's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022 and will not have any effect on the Township's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is effective for fiscal periods beginning after June 15, 2021, and will not have any effect on the Township's financial reporting.

In October 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 98, "The Annual Comprehensive Financial Report". This statement is effective for fiscal periods ending after December 15, 2021, and will not have any effect on the Township's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement is effective for periods beginning after June 15, 2022 and June 15, 2023, and will not have any effect on the Township's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023, and will not have any effect on the Township's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023, and will not have any effect on the Township's financial reporting.

### **Note 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2021 and 2020 statutory budgets included a reserve for uncollected taxes in the amount of 1,910,514.87 and \$1,909,336.56.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$4,128,000.00 and \$5,555,000.00. In addition, the Township operates a self-liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the Township. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$1,050,000.00 and \$907,325.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Council. There were no significant budget transfers during 2021.

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2021 and 2020, the following significant budget insertions were approved:

<u>Budget Category</u>	2021	2020
Municipal Drug Alliance Grant	\$ 13,170.30	-
Sustainable Jersey Grant	-	20,000.00
Federal Aggressive Driver	27,840.00	
Cops in Shops	-	5,280.00
Clean Communities Program	-	84,913.62
Body-Worn Camera Grant	122,280.00	-
Drive Sober or Get Pulled Over	16,500.00	8,400.00
Distracted Driving	-	5,500.00
Pedestrian Safety Enforcement Grant	34,003.00	23,880.00
Drunk Driving Enforcement Fund	-	15,944.50
Bulletproof Vest Partnership	-	3,097.50
Safe and Secure Program	-	60,000.00

The Township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2021, the Township did not approve any emergencies.

### Note 3: INVESTMENTS

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

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

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

#### **Investments**

As more fully described in Note 22, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2021 and 2020 amounted to \$2,801,013.66 and \$2,499,172.20, respectively.

#### **Note 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2021 and 2020, \$4,738,494.39 and \$4,434,041.86 of the municipality's bank balance of \$51,408,473.67 and \$43,565,090.10, respectively, was exposed to custodial credit risk.

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# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2021 AND 2020**

## **Note 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2021 and 2020:

	Balance 12/31/2019	Additions	Retirements/ Adjustments	Balance 12/31/2020
Land	\$ 1,717,624.00			1,717,624.00
Building	3,347,172.00			3,347,172.00
Equipment and Machinery	15,653,574.47	1,587,181.45	(1,367,914.32)	15,872,841.60
	<u>\$ 20,718,370.47</u>	<u>1,587,181.45</u>	<u>(1,367,914.32)</u>	<u>20,937,637.60</u>

	Balance 12/31/2020	Additions	Retirements/ Adjustments	Balance 12/31/2021
Land	\$ 1,717,624.00			1,717,624.00
Building	3,347,172.00			3,347,172.00
Equipment and Machinery	15,872,841.60	924,077.07	(979,582.00)	15,817,336.67
	<u>\$ 20,937,637.60</u>	<u>924,077.07</u>	<u>(979,582.00)</u>	<u>20,882,132.67</u>

## **Note 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020
Bond Anticipation				
Notes payable:				
General Capital	3,520,000.00	1,900,000.00	(1,630,000.00)	3,790,000.00
Sewer Capital	3,400,000.00	1,000,000.00	(600,000.00)	3,800,000.00
	<u>\$ 6,920,000.00</u>	<u>2,900,000.00</u>	<u>(2,230,000.00)</u>	<u>7,590,000.00</u>
	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021
Bond Anticipation				
Notes payable:				
General Capital	\$ 3,790,000.00	1,425,000.00	(690,000.00)	4,525,000.00
Sewer Capital	3,800,000.00	-	(600,000.00)	3,200,000.00
	<u>\$ 7,590,000.00</u>	<u>1,425,000.00</u>	<u>(1,290,000.00)</u>	<u>7,725,000.00</u>

The General Capital note was issued on 8/12/20 and is due and payable on 8/11/21 with interest at 1.25%. The Sewer Capital note was issued on 8/12/20, and was due and payable on 8/11/21 with interest at 1.25%.

As of December 31, 2021, the Township has authorized but not issued bonds or notes in the amount of \$1,425,000.00 and \$0 in the General Capital Fund and Utility Capital Fund respectively.

# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2021 AND 2020

### Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2021 and 2020 consisted of the following:

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020	Amounts Due Within One Year
Bonds payable:					
General	\$ 4,390,000.00		1,100,000.00	3,290,000.00	1,290,000.00
Utility	1,350,000.00		330,000.00	1,020,000.00	340,000.00
Total	5,740,000.00	-	1,430,000.00	4,310,000.00	1,630,000.00
Other liabilities:					
Loans Payable	91,519.20		16,684.56	74,834.64	16,928.97
Utility Loans	689,551.14	-	94,191.83	595,359.31	94,191.83
PERS Pension	9,866,245.00	-	1,437,800.00	8,428,445.00	
PFRS Pension	18,061,128.00	904,710.00	-	18,965,838.00	
Compensated Absences Payable	1,568,647.62	195,538.16	15,539.86	1,748,645.92	
Total long-term liabilities	<u>\$ 36,017,090.96</u>	<u>1,100,248.16</u>	<u>2,994,216.25</u>	<u>34,123,122.87</u>	<u>1,741,120.80</u>
	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021	Amounts Due Within One Year
Bonds payable:					
General	\$ 3,290,000.00		1,290,000.00	2,000,000.00	1,300,000.00
Utility	1,020,000.00		340,000.00	680,000.00	340,000.00
Total	4,310,000.00	-	1,630,000.00	2,680,000.00	1,640,000.00
Other liabilities:					
Loans Payable	74,834.64		16,928.97	57,905.67	11,369.67
Utility Loans	595,359.31		94,191.83	501,167.48	99,191.83
PERS Pension	8,428,445.00		-	8,428,445.00	
PFRS Pension	18,965,838.00	-		18,965,838.00	
Compensated Absences Payable	1,748,645.92	47,845.95	12,685.09	1,783,806.78	
Total long-term liabilities	<u>\$ 34,123,122.87</u>	<u>47,845.95</u>	<u>1,753,805.89</u>	<u>32,417,162.93</u>	<u>1,750,561.50</u>

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

### Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Township:

At December 31, 2021, bonds payable in the General Capital Fund consisted of the following individual issues:

\$11,000,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2013 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2021 is \$2,000,000.00.

\$150,000 Green Trust Loan dated 2002, due in semi-annual installments through 2022. The balance remaining as of December 31, 2021, is \$5,754.67.

\$111,951 N.J. Environmental Infrastructure Loan dated 12/16/2011, due in semi-annual installments each March and September 1<sup>st</sup>, through 2031. The balance remaining as of December 31, 2021, is \$52,151.00.

At December 31, 2020, bonds and loans payable in the Sewer Capital Fund consisted of the following individual issues:

\$3,100,000 General Improvement Bonds dated September 1, 2011, due in annual installments, beginning September 1, 2013 through September 1, 2023, and bearing interest at rates varying from 2.00% to 3.00%. The balance remaining as of December 31, 2021 is \$680,000.00.

\$150,000 N.J. Environmental Infrastructure Trust Loan dated 3/10/10, due in annual installments, beginning August 1, 2013 through August 1, 2029, and bearing interest at rates varying from 3.00% to 5.00%. The balance remaining as of December 31, 2021 is \$80,000.00.

\$869,106 N.J. Environmental Infrastructure Loan dated 12/2/10, due in semi-annual installments, beginning August 1, 2013 through August 1, 2025, and bearing an interest rate of 0.00%. The Township received a \$256,559 reduction in the loan in 2013. The balance remaining as of December 31, 2021 is \$141,167.48.

\$810,000 N.J. Environmental Infrastructure Loan dated 12/2/10, due in annual installments, beginning August 1, 2013 through August 1, 2027, and bearing an interest rate of 5.00%. The Township received a \$200,000 reduction in the loan in 2013. The balance remaining as of December 31, 2021 is \$280,000.00.

### Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2022	\$ 1,300,000.00	60,000.00	340,000.00	20,400.00
2023	700,000.00	21,000.00	340,000.00	10,200.00
	<u>\$ 2,000,000.00</u>	<u>81,000.00</u>	<u>680,000.00</u>	<u>30,600.00</u>



# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2021 AND 2020**

## Schedule of Annual Debt Service for Principal and Interest for Green Trust and NJEIT Loans

<u>Year</u>	<u>General Capital Green Trust</u>		<u>General Capital NJEIT</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	5,754.67	57.55	5,615.00	381.02
2023			5,642.00	353.50
2024			5,673.00	323.26
2025			5,705.00	290.56
2026			5,741.00	255.32
2027-2031			23,775.00	590.70
	<u>\$ 5,754.67</u>	<u>57.55</u>	<u>52,151.00</u>	<u>2,194.36</u>

## Schedule of Annual Debt Service for Principal and Interest for N.J Environmental Infrastructure Loans

<u>Year Ending December 31</u>	<u>Sewer Capital</u>	
	<u>Principal</u>	<u>Interest</u>
2022	99,191.83	17,150.00
2023	99,191.83	14,500.00
2024	104,191.83	11,850.00
2025	68,591.99	8,950.00
2026	60,000.00	6,050.00
2027-2029	70,000.00	4,400.00
	<u>\$ 501,167.48</u>	<u>62,900.00</u>

As of December 31, 2021, the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$141,797.16 and to the utility budget was \$93,843.05.

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# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2021 AND 2020

<u>Summary of Municipal Debt</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 6,582,905.67	7,154,834.64	8,001,519.20
Sewer Utility - Bonds and Notes	4,381,167.48	5,415,359.31	5,439,551.14
Total Issued	<u>10,964,073.15</u>	<u>12,570,193.95</u>	<u>13,441,070.34</u>
 Less:			
Funds Temporarily Held to			
Pay Bonds and Notes:			
Self-Liquidating Debt	15,070.51	15,070.51	15,070.51
Total Deductions	<u>15,070.51</u>	<u>15,070.51</u>	<u>15,070.51</u>
 Net Debt Issued	<u>10,949,002.64</u>	<u>12,555,123.44</u>	<u>13,425,999.83</u>
 <u>Authorized but not issued:</u>			
General - Bonds and Notes	1,425,000.00	1,425,000.00	1,900,000.00
Sewer Utility - Bonds and Notes	-	-	1,000,000.00
Total Authorized But Not Issued	<u>1,425,000.00</u>	<u>1,425,000.00</u>	<u>2,900,000.00</u>
 Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 12,374,002.64</u>	<u>13,980,123.44</u>	<u>16,325,999.83</u>

### Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .302%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 507,000.00	507,000.00	-
Regional School District Debt	18,132,173.22	18,132,173.22	-
Sewer Utility Debt	4,381,167.48	4,381,167.48	-
General Debt	8,007,905.67	-	8,007,905.67
	<u>\$ 31,028,246.37</u>	<u>23,020,340.70</u>	<u>8,007,905.67</u>

Net Debt \$8,007,905.67 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,993,635,885.33 = .267%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 104,777,255.99
Net Debt	8,007,905.67
Remaining Borrowing Power	<u>\$ 96,769,350.32</u>

The Township of Galloway School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2021 AND 2020**

## **Note 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2021 and 2020, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2022 and 2021 were as follows:

		<u>2022</u>	<u>2021</u>
Current Fund	\$	5,165,500.00	4,128,000.00
Sewer Utility		921,733.00	1,050,000.00

## **Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, the Township had no deferred charges.

## **Note 10: SCHOOL TAXES**

The Township is responsible for levying, collecting and remitting school taxes for the Galloway Township Board of Education and the Township's share of the Greater Egg Harbor Regional High School District.

Local District School Tax in the amounts of \$33,992,665 and \$33,665,475.00 have been raised for the 2021 and 2020 calendar years and have been remitted or are due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service. Regional High School Tax in the amounts of \$19,400,962.00 and \$18,703,789.00 have been raised for the 2021 and 2020 calendar years and have been remitted or are due to the school district.

Fund balance is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31, and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2020, and decreased by the amount deferred at December 31, 2021. GAAP would require the recording of deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31 for the last two years.

	<u>12/31/2021</u>	<u>12/31/2020</u>
Balance of Tax	\$ 8,728,463.75	8,416,465.94
Deferred	6,400,000.00	6,400,000.00
Regional High School Tax Payable	<u>\$ 2,328,463.75</u>	<u>2,016,465.94</u>

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

### Note 11: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/2021	Balance 12/31/2020
Prepaid Taxes	\$ 1,169,731.82	1,101,921.25
Cash Liability for Taxes Collected in Advance	\$ 1,169,731.82	1,101,921.25

### Note 12: PENSION FUNDS

#### Description of Plans

Substantially all of the Township's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

#### Public Employees' Retirement System

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

#### Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

#### Defined Contribution Retirement Program (DCRP)

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

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The Township's contributions to PERS for the years ended December 31, 2021, 2020, and 2019 were \$485,166.00, \$536,855.90 and \$544,017.97.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The Township's contributions to PFRS for the years ended December 31, 2021, 2020, and 2019 were \$1,639,777.00, \$1,490,767.00 and \$1,420,830.00.

The total payroll for the year ended December 31, 2021, 2020 and 2019 was \$11,283,769.05, \$10,903,906.77 and \$11,016,776.26. Payroll covered by PFRS was \$5,293,792.00, \$5,150,034.00, and \$5,040,485.00. Payroll covered by PERS was \$4,260,251.00, \$4,071,140.00, and \$3,722,511.00.

### Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2014, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation,

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2021 AND 2020**

the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2013.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

#### **Note 13: PENSION LIABILITIES**

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

The following represents the municipality's pension liabilities as June 30, 2020:

#### **Public Employees' Retirement System**

The Municipality has a liability of \$8,428,445 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.05168483260%, which would be a decrease of 5.61% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$207,219. At December 31, 2020, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2021 AND 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 153,468	\$ (29,807)
Changes of assumptions	273,428	(3,529,070)
Changes in proportion	482,215	(566,528)
Net difference between projected and actual earnings on pension plan investments	288,091	
Total	<u>\$ 1,197,202</u>	<u>\$ (4,125,405)</u>

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

Year ended June 30,	
2021	\$ (1,088,971)
2022	(992,811)
2023	(567,366)
2024	(229,433)
2025	(49,622)
Total	<u>\$ (2,928,203)</u>

#### Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

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

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

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.

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 real 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US 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%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

### *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 made 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 through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Municipality's proportionate share of the net pension liability



## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2021 AND 2020

would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 10,038,255	\$ 8,428,445	\$ 7,064,234

#### *Pension plan fiduciary net position.*

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

#### **Police and Firemen's Retirement System**

The Municipality has a liability of \$18,965,838 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.14677942900%, which would be a decrease of 0.55% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$1,151,265. At December 31, 2020, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 191,208	\$ (68,066)
Changes of assumptions	47,727	-508,462
Changes in proportion	848,121	(180,092)
Net difference between projected and actual earnings on pension plan investments	1,112,056	
Total	<u>\$ 2,199,112</u>	<u>\$ (5,332,786)</u>

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Year ended June 30,	
2021	\$ (1,462,378)
2022	(986,928)
2023	(401,785)
2024	(151,780)
2025	(130,803)
Total	<u>\$ (3,133,674)</u>

#### Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	3.25% - 15.25% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, 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% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, 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% 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.

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

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2021 AND 2020

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US 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%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

#### *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 non-employer contributing entity will be made based 78% of the actuarially determine contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	24,512,429.65	18,965,838.00	14,359,092.85

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2021 AND 2020**

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2020 State special funding situation net pension liability amount of \$2,005,329,818.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2020 State special funding situation pension expense of \$227,263,993.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.14677942900% for 2020. The net pension liability amount allocated to the Municipality was \$2,943,412. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$333,577.00 is allocated to the Municipality.

#### *Pension plan fiduciary net position.*

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

### **Note 14: POST-RETIREMENT BENEFITS**

#### *General Information about the Plan:*

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

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

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

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

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

### *Allocation Methodology:*

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Township these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation as applicable, the Collective Total OPEB liabilities for the year ended June 30, 2019 were \$5,512,481,278 and \$12,598,993,950, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and non-employer allocation percentages have been rounded for presentation purposes.

### *Special Funding Situation:*

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

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

### *Net OPEB Liability:*

#### *Components of Net OPEB Liability*

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2020 is as follows:

# **NOTES TO FINANCIAL STATEMENTS** **YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>June 30, 2020</u>
	<u>Collective</u>
	<u>Total</u>
Total OPEB Liability	\$ 18,111,475,228.00
Plan Fiduciary Net Position	164,862,282.00
Net OPEB Liability	\$ <u>17,946,612,946.00</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

At June 30, 2020, the State's proportionate share for the Special Funding Situation that is associated with the Township is \$18,437,021.00. The State's proportionate share attributable to the Township of the Collective Net OPEB Liability for the Special Funding Situation was 0.337532% which was an increase from the prior year of 25.78%.

For the Year ended June 30, 2020, the State of New Jersey realized Total OPEB Expense in the amount of \$917,799.00.00 for its proportionate share of Total OPEB Expense that is associated with the Township.

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate 2.50%

Salary increases\*:

PERS: Initial fiscal year applied  
Rate through 2026 2.00% to 6.00%  
Rate thereafter 3.00% to 7.00%

PFRS:

Rate for all fiscal years 3.25% to 15.25%

Mortality:

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

\* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2021 AND 2020

#### *Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53% respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

#### *Discount Rate*

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

#### *Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

The following presents the Net OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Collective			
Net OPEB Liability	\$ 21,216,688,254.00	\$ 17,946,612,946.00	\$ 15,358,051,000.00

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

The following presents the net OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Collective			
Net OPEB Liability	\$ 14,850,840,718.00	\$ 17,946,612,946.00	\$ 22,000,569,109.00

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED DECEMBER 31, 2021 AND 2020

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

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 472,699,992	\$ (3,341,994,109)
Changes of assumptions	2,684,248,513	(3,991,049,511)
Net difference between projected and actual earnings on OPEB plan investments	11,397,084	
Total	\$ 3,168,345,589	\$ (7,333,043,620)

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

Year ended June 30,	Collective Totals
2021	\$ (964,720,007)
2022	(965,594,678)
2023	(967,008,484)
2024	(968,300,349)
2025	(660,258,014)
Thereafter	361,183,501
Total	\$ (4,164,698,031)

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

#### *Collective OPEB Expenses reported by the State of New Jersey.*

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2020 are as follows:

Service cost	\$ 605,949,339.00
Interest on Total OPEB Liability	497,444,533.00
Expected Investment Return	(7,632,336.00)
Administrative Expenses	9,913,267.00
Changes of Benefit Terms	1,034,142.00
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(550,598,668.00)
Changes in Assumptions	(418,656,482.00)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,535,144.00
Total Collective OPEB Expense	\$ 141,988,939.00

#### **Note 15: ACCRUED SICK AND VACATION BENEFITS**

The Township has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$1,783,806.78 in 2021 and \$1,748,645.92 in 2020. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Township employees are entitled to fifteen sick leave days each year. Vacation days are earned based on years of service. Employees are entitled to 10 vacation days for the first year of



## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

employment, 11 days for 2 through 5 years of service, 13 days for 6 through 10 years of service, 18 days for 11 through 19 years of service, and 20 days for 20 years or more of service. Sick and vacation days accumulated through December 31, 1991 have been credited to the employees and will be reimbursed at 100% of the employees' daily rate of pay upon retirement. Beginning January 1, 1992, unused sick leave may be accumulated and carried forward to subsequent years, and at retirement the employee will be reimbursed up to fifty percent of days not used, not to exceed the amount of \$10,000. Vacation days earned on or after January 1, 1992 may be carried over for one year only, unless extended by the Township Manager with the recommendation of the department head.

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. The balance of the fund was \$707,794.16 at December 31, 2021, and \$719,479.25 at December 31, 2020.

The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The Township does not accrue the liability.

### **Note 16: ECONOMIC DEPENDENCY**

The Township of Galloway is not economically dependent on any one business or industry as a major source of tax revenue for the Township.

### **Note 17: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The Township maintains commercial insurance coverage for property, liability. During the year ended December 31, 2021 and 2020 the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township is a member of the Statewide Joint Insurance Fund (JIF) which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. The Township has a general liability limit of \$10,000,000 under JIF, and excess coverage which increases an additional \$5,000,000 under auto and general Liability.

### **Note 18: DEFERRED COMPENSATION**

Employees of the Township of Galloway may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

Two unrelated financial institutions administer the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The plans are administered by AXA Equitable and Empower Retirement.

### **Note 19: CONTINGENT LIABILITIES**

From time to time, the Township is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Township's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

### **Note 20: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2021, the following interfunds were included on the balance sheets of the various funds of the Township of Galloway and are expected to be returned within one year:

	Due From	Due To
Current Fund:		
Sewer Utility Operating Fund	\$	1,555.48
Grant Fund		4,042.29
Trust Fund:		
Sewer Utility Operating Fund	0.36	
Grant Fund		
Current Fund	4,042.29	
Sewer Utility Operating:		
Current Fund	1,555.48	
Utility Escrow		0.36
	\$ <u>5,598.13</u>	<u>5,598.13</u>

The amounts due to the various funds relate to year end activity from the tax office not transferred over to the appropriate funds as of year end and the Current Fund providing funding for grants that are on the reimbursement basis but funds have not been received as of year end.

### **Note 21: SANITARY LANDFILL CLOSURE FUND**

The Township of Galloway owned and operated a municipal landfill until December 31, 1991, at which time the site was effectively closed for all operations. The Sanitary Landfill Facility Closure and Contingency Act Fund of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020**

At December 31, 2021, the Township had \$607,727.76 on deposit in a trust fund to comply with the aforementioned act. In addition, the Township also adopted a capital ordinance to provide additional funding for the closure plan. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with the closure are not known.

### **Note 22: LENGTH OF SERVICE AWARD PROGRAM**

During the 2000 calendar year, the voters of the Township of Galloway approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The Township appropriated \$125,000 in the 2021 budget and \$125,000.00 in the 2020 budget, for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Township subject only to the claims of the Township's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the Township, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The Township believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Township of Galloway issues a separate unaudited financial report that includes the statement of net assets available for benefits for the LOSAP. The financial report may be obtained by contacting the Township of Galloway, 300 E. Jimmie Leeds Road, Galloway Township, New Jersey.

### **Note 23: SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through August 5, 2022, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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

The Honorable Mayor and  
Members of Township Council  
Township of Galloway, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Township of Galloway, State of New Jersey, 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 August 5, 2022, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Galloway prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

**Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

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

August 5, 2022



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Regular Fund</u>	<u>Grant Fund</u>
Balance December 31, 2020	\$ 20,551,886.80	456,043.37
Increased by Receipts:		
Tax Collector	86,080,212.48	
Revenue Accounts Receivable	7,506,681.87	
Miscellaneous Revenue	627,527.64	
Due from State of N.J. Seniors/Veterans	265,038.90	
Due to State of N.J. -Marriage Licenses	5,950.00	
Due to State of N.J. - DCA Fees	31,495.00	
Due to State of N.J.- Burial Permits	90.00	
Deposits on Sale of Municipal Property	2,410.00	
Tax Overpayments	29,562.23	
Reserve for LOSAP	55,751.31	
Reserve for Proceeds on Sale of Municipal Property	19,115.00	
Due to Grant Fund	11,594.76	
Due to FEMA	8,281.36	
Due to Sewer Operating	361.41	
Due from Special Water Assessment	30.60	
Due from Trust	25.58	
Due from Current Fund		7,552.47
Federal and State Unallocated		12,226.38
Federal and State Receivables		506,422.89
	<u>94,644,128.14</u>	<u>526,201.74</u>
	115,196,014.94	982,245.11
Decreased by Disbursements:		
Current Year Appropriation	21,111,568.80	
Prior Year Appropriations	1,294,907.76	
County Taxes	16,016,860.66	
Local District School Taxes	33,992,665.00	
Regional School Taxes	19,088,964.19	
Refunds		
Due to State of N.J. -Marriage Licenses	5,775.00	
Due to State of N.J.- Burial Permits	95.00	
Due to State of N.J. - DCA Fees	29,253.00	
Due from Trust	10.55	
Due to Utility Operating	-	
Due to Grant Fund	7,552.47	
Reserve for Technology	-	
Due to Current Fund		16,427.00
Revolving Loan Fund		684,138.63
Federal and State Disbursements		
	<u>91,547,652.43</u>	<u>700,565.63</u>
Balance December 31, 2021	\$ <u><u>23,648,362.51</u></u>	<u><u>281,679.48</u></u>

**CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2020		\$	-
Increased by Receipts:			
Prepaid Taxes	\$	1,169,731.82	
Taxes Receivable		84,763,169.83	
Tax Title and Other Liens		147,310.83	
			<u>86,080,212.48</u>
			86,080,212.48
Payments to Treasurer			<u>86,080,212.48</u>
Balance December 31, 2021		\$	<u><u>-</u></u>

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

Year	Balance Dec. 31, 2020	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2021
				2020	2021			
Arrears 2020	\$ 97,419.09		29,014.15		68,654.25	8.33	6,527.59	51,243.07
	-				-	-		-
	97,419.09	-	29,014.15	-	68,654.25	8.33	6,527.59	51,243.07
2021		86,085,757.24	397,294.49	1,101,921.25	84,963,903.77	105,947.75	304,912.58	6,366.38
		86,085,757.24	426,308.64	1,101,921.25	85,032,558.02	105,956.08	311,440.17	57,609.45
<hr/>								
<u>Analysis of Current Year Tax Levy</u>								
Tax Yield:								
General Property Tax								
Added Taxes (54:4-63.1 et. Seq.)								
				84,763,169.83	Cash Receipts			
				269,388.19	Senior Citizens and Veterans			
				<u>85,032,558.02</u>				
				86,085,757.24				
				<u>397,294.49</u>				
					<u>86,483,051.73</u>			
<hr/>								
Tax Levy:								
General County Taxes								
County Library Taxes								
County Open Space Taxes								
County Health Taxes								
County Added and Omitted Taxes								
Total County Taxes								
				14,018,930.60		16,016,860.66		
				1,059,554.47				
				148,069.46				
				750,879.76				
				<u>39,426.37</u>				
<hr/>								
Local School District Tax								
Additional Local School District Tax								
Regional School District Tax								
				33,992,665.00				
				-				
				19,400,962.00				
<hr/>								
Local Tax for Municipal Purposes								
Add: Additional Tax Levied								
				16,841,585.10				
				<u>230,978.97</u>				
					<u>17,072,564.07</u>			
					<u>86,483,051.73</u>			

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

Balance December 31, 2020		\$	2,871,739.44
Increased by:			
Transfers from Taxes Receivable	\$	311,440.17	
Interest and Costs Accrued by Sale of December 21, 2021		<u>7,507.95</u>	<u>318,948.12</u>
			3,190,687.56
Decreased by:			
Collections		147,310.83	
Other - Foreclosed		<u>967,836.90</u>	<u>1,115,147.73</u>
Balance December 31, 2021		\$	<u><u>2,075,539.83</u></u>

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2020	Accrued in 2021	Collected	Balance Dec. 31, 2021
Licenses:				
Alcoholic Beverages	\$ -	73,814.00	73,814.00	-
Fees and Permits	-	152,622.00	152,622.00	-
Fines and Costs:				
Municipal Court	12,145.38	190,975.74	192,989.89	10,131.23
Interest and Costs on Taxes	-	248,458.11	248,458.11	-
Interest Earned on Investments	-	135,175.52	135,175.52	-
Planning Board - Special Application Fees	-	16,450.00	16,450.00	-
Fire Subcode Official:				
Fire Safety Rebate	-	41,998.79	41,998.79	-
Fire Inspections	-	65,866.00	65,866.00	-
Cable Franchise Fees	-	126,068.24	126,068.24	-
Hotel Tax	-	659,841.87	659,841.87	-
Rental Inspections	-	94,775.00	94,775.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	-	2,566,342.00	2,566,342.00	-
Payments in Lieu of Taxes - Wildlife Refuge	-	28,409.00	28,409.00	-
Watershed Moratorium Offset	-	7,708.00	7,708.00	-
Garden State Preservation Trust Fund	-	11,140.00	11,140.00	-
Uniform Construction Code Fees	-	415,390.00	415,390.00	-
Communications - Dispatch Agreement				
Mullica	-	220,172.78	220,172.78	-
Atlanticare Contribution	-	321,714.00	321,714.00	-
Aloe Village Contribution	-	100,000.00	100,000.00	-
RDI Lennox Property	-	167,738.67	167,738.67	-
American Rescue Plan Act of 2021	-	1,860,000.00	1,860,000.00	-
	<u>12,145.38</u>	<u>7,504,659.72</u>	<u>7,506,681.87</u>	<u>10,131.23</u>
\$				

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
General Administration					
Other Expenses	\$ 30,781.70	30,781.70	3,070.36	27,711.34	-
Township Clerk					
Other Expenses	28,994.35	28,994.35	3,993.40	25,000.95	-
Financial Administration					
Other Expenses	16,959.40	16,959.40	2,696.50	14,262.90	-
Revenue Administration (Tax Collection)					
Other Expenses	45,770.94	45,770.94	20,169.61	25,601.33	-
Tax Assessment Administration					
Other Expenses	35,491.85	35,491.85	8,595.55	26,896.30	-
Legal Services					
Other Expenses	132,613.51	132,613.51	19,624.85	112,988.66	-
Liquidation of Tax Title Liens	74,310.10	74,310.10	74,310.10	-	-
Engineering Services and Costs					
Other Expenses	20,541.25	20,541.25	16,357.50	4,183.75	-
Municipal Court					
Other Expenses	11,171.43	11,171.43	381.60	10,789.83	-
Municipal Prosecutor's Office					
Other Expenses	7,431.00	7,431.00	3,425.00	4,006.00	-
Planning Board					
Other Expenses	33,565.73	33,565.73	1,572.90	31,992.83	-
Zoning Board of Adjustment					
Other Expenses	38,372.37	38,372.37	870.83	37,501.54	-

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
<b>INSURANCE</b>					
Group Insurance Plan for Employees	643,950.81	643,950.81	429,086.00	214,864.81	-
<b>PUBLIC SAFETY</b>					
Police Department					
Other Expenses	296,677.52	296,677.52	56,780.34	239,897.18	-
Police 911					
Other Expenses	6,598.75	6,598.75	2,298.00	4,300.75	-
Office of Emergency Management					
Other Expenses	8,417.46	8,417.46	1,856.98	6,560.48	-
Fire Department					
Other Expenses	17,066.03	17,066.03	11,056.76	6,009.27	-
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance					
Salaries and Wages	94,286.22	94,286.22	49,119.33	45,166.89	-
Other Expenses	148,679.69	148,679.69	67,442.51	81,237.18	-
Other Public Works Functions					
Other Expenses	16,569.81	16,569.81	2,047.27	14,522.54	-
Buildings and Grounds					
Other Expenses	56,563.56	56,563.56	3,596.36	52,967.20	-
Vehicle Maintenance					
Other Expenses	162,935.57	162,935.57	45,364.75	117,570.82	-
<b>PARKS AND RECREATION</b>					
Maintenance of Parks					
Other Expenses	46,266.79	46,266.79	747.90	45,518.89	-
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Community and Recreation Services					
Other Expenses	43,974.11	43,974.11	5,325.69	38,648.42	-

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
UNIFORM CONSTRUCTION CODE					
Code Enforcement & Administration					
Other Expenses	2,215.75	2,215.75	105.30	2,110.45	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	57,896.89	57,896.89	15,888.59	42,008.30	-
Street Lighting	35,898.22	35,898.22	15,934.76	19,963.46	-
Telephone	13,026.50	13,026.50	238.55	12,787.95	-
Natural Gas	27,750.27	27,750.27	5,889.07	21,861.20	-
Gasoline	156,083.54	156,083.54	6,952.00	149,131.54	-
Water	61,767.65	61,767.65	28,481.38	33,286.27	-
Telecommunications	2,340.76	2,340.76	275.47	2,065.29	-
Landfill/Solid Waste Disposal Costs	18,667.14	18,667.14	6,820.01	11,847.13	-
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System (O.A.S.I.)	88,145.42	88,145.42	1,259.10	86,886.32	-
CAPITAL IMPROVEMENTS					
Improvement to Municipal Buildings/Property	466,122.12	466,122.12	385,046.51	81,075.61	-
Purchase of Fire Equipment	106,924.00	106,924.00	106,773.00	151.00	-
All Other Accounts - No Change	1,140,286.42	1,140,286.42	-	1,140,286.42	
\$	<u>4,195,114.63</u>	<u>4,195,114.63</u>	<u>1,403,453.83</u>	<u>2,791,660.80</u>	<u>-</u>



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

Balance December 31, 2020			
School Tax Payable	\$	2,016,465.94	
School Tax Deferred		<u>6,400,000.00</u>	
			\$ 8,416,465.94
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021			<u>19,400,962.00</u>
			27,817,427.94
Decreased by:			
Payments			<u>19,088,964.19</u>
Balance December 31, 2021			
School Tax Payable		2,328,463.75	
School Tax Deferred		<u>6,400,000.00</u>	
			<u>8,728,463.75</u>
Current Year Liability for Regional School District School Tax:			
Tax Paid			19,088,964.19
Tax Payable Ending			<u>2,328,463.75</u>
			21,417,427.94
Less: Tax Payable Beginning			<u>2,016,465.94</u>
Amount charged to Current Year Operations			<u>\$ 19,400,962.00</u>

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

Balance December 31, 2020		
School Tax Payable	\$ -	
School Tax Deferred	-	
	<hr/>	\$ -
Increased by:		
Levy - School Year July 1, 2020 to June 30, 2021		<u>33,992,665.00</u>
		33,992,665.00
Decreased by:		
Payments		<u>33,992,665.00</u>
Balance December 31, 2021		
School Tax Payable	-	
School Tax Deferred	-	
	<hr/>	<u>-</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		33,992,665.00
Tax Payable Ending		<u>-</u>
		33,992,665.00
Less: Tax Payable Beginning		<u>-</u>
Amount charged to Current Year Operations		<u><u>\$ 33,992,665.00</u></u>

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

Purpose	Balance	Transferred	Received	Canceled	Balance
	Dec. 31, 2020	From 2021 Revenues			Dec. 31, 2021
FEDERAL GRANTS:					
Bulletproof Vest Partnership	\$ -	17,692.16	3,540.00		14,152.16
Federal Aggressive Driver	-	52,800.00	24,960.00	-	27,840.00
Body Worn Camera Grant		122,280.00			122,280.00
Community Development Block Grant	201,511.42	114,709.00	-		316,220.42
Total Federal	201,511.42	307,481.16	28,500.00	-	480,492.58
STATE GRANTS:					
Safe and Secure Communities Program	20,000.00	32,400.00	33,500.00		18,900.00
Municipal Alliance Program	9,877.69	13,170.30	6,326.53	-	16,721.46
Body Armor Fund	-	4,121.58	4,121.58		-
Clean Communities	-	90,350.09	90,350.09		-
Click-it-or-Ticket	-	6,000.00	6,000.00		-
Drunk Driving Enforcement Program	-	12,226.38	12,226.38	-	-
Recycling Tonnage Grant	-	65,944.69	65,944.69		-
Drive Sober or Get Pulled Over	8,400.00	16,500.00	15,900.00	-	9,000.00
Distracted Driving	-	7,500.00	7,500.00	-	-
NJ Transportation Trust Fund					
Resurfacing of Second Ave Phase 1	295,000.00		221,250.00	-	73,750.00
Resurfacing of Second Ave Phase 2	-	250,000.00	-	-	250,000.00
Pedestrian Safety Enforcement Grant	20,580.00	34,003.00	20,570.00	-	34,013.00
Sustainability Jersey Cap Grant	10,000.00	-	-		10,000.00
Emergency Management Assistance-EMAA	-	10,000.00	10,000.00	-	-
Total State	363,857.69	542,216.04	493,689.27	-	412,384.46
\$	565,369.11	849,697.20	522,189.27	-	892,877.04
	Cash	\$	506,422.89		
	Unappropriated Reserves		15,766.38		
		\$	522,189.27		

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

	Balance December 31, 2020		2021 Appropriations	Disbursed	Encumbrances	Other/ Canceled	Balance Dec. 31, 2021
	Appropriated	Reserve for Encumbrances					
<b>FEDERAL GRANTS:</b>							
Community Development Block Grant	\$ 201,511.42	-	114,709.00	-			316,220.42
Federal Aggressive Driver	-		52,800.00	24,960.00		-	27,840.00
Bulletproof Vest Partnership	3,097.50	-	17,692.16	16,422.00	4,367.66		-
Total Federal	204,608.92	-	185,201.16	41,382.00	4,367.66	-	344,060.42
<b>STATE GRANTS:</b>							
New Jersey Transportation Trust Fund							
Resurfacing of Second Ave Phase 1	-	295,000.00		295,000.00		-	-
Resurfacing of Second Ave Phase 2	-	-	250,000.00		250,000.00	-	-
NJBPU Microgrid Feasibility Study	-	-	-	-	-		-
Pedestrian Safety Enforcement Grant	15,080.00	-	34,003.00	31,753.00			17,330.00
Recycling Tonnage Grant	142,835.04	3,271.34	65,944.69	124,476.71	2,863.60		84,710.76
Drunk Driving Enforcement Program	16,386.19	-	12,226.38	12,594.97	44.00		15,973.60
Clean Communities Program	117,299.73	-	90,350.09	68,331.26			139,318.56
Safe and Secure Program	60,000.00		32,400.00	60,000.00			32,400.00
Body Armor Fund	-		4,121.58	1,094.80	11.54		3,015.24
Municipal Drug Alliance Program	-						-
County Share	9,383.81	-	13,170.30	9,923.06	433.80		12,197.25
Local Share	3,513.60	-	7,854.50	3,721.08	695.36		6,951.66
Stormwater Management	392.04						392.04
Click-it-or Ticket	-		6,000.00	6,000.00			-
Distracted Driving	-		7,500.00	7,500.00	-		-
Enhanced 911 General Assistance Grant	29,837.80						29,837.80
Driver Sober or Get Pulled Over	2,880.00		16,500.00	15,660.00	-		3,720.00
Community Stewardship Incentive Grant	-						-
Sustainable Jersey	11,227.81		-	4,251.75	1,012.50		5,963.56
Sustainability Regional Hub Grant	1,450.00	1,000.00	10,000.00	2,450.00			-
Emergency Management Assistance	24,857.61						34,857.61
Body Worn Camera Grant	-		122,280.00		122,280.00	-	-
Total State	435,143.63	299,271.34	672,350.54	642,756.63	377,340.80	-	386,668.08
\$	639,752.55	299,271.34	857,551.70	684,138.63	381,708.46	-	730,728.50
			Disbursed	684,138.63			
			Current year encumbrances	381,708.46			
			Prior year encumbrances	(299,271.34)			
			Current year expenditures	766,575.75			

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

<u>Purpose</u>	<u>Balance Dec. 31, 2020</u>	<u>Transferred To 2021 Appropriations</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2021</u>
<b>FEDERAL GRANTS:</b>					
Bulletproof Vest Partnership	\$ 3,540.00	3,540.00	-		-
Total Federal	3,540.00	3,540.00	-	-	-
<b>STATE GRANTS:</b>					
American Rescue Plan	-		4,042.29		4,042.29
Drunk Driving Enforcement	-	12,226.38	12,226.38		-
Total State	-	12,226.38	16,268.67	-	4,042.29
	\$ 3,540.00	15,766.38	16,268.67	-	4,042.29

**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2020		\$	3,603.94
Increased By Receipts:			
Dog Licenses Fees	\$	9,190.40	
State License Fees		1,146.60	
Kennel License/Replacement Tags		50.00	
Late Fees		-	
			<u>10,387.00</u>
			13,990.94
Decreased By Disbursements:			
Animal Control Expenditures		10,088.00	
Due to State of New Jersey		1,145.40	
Due to Trust Fund Other			
		<u>                    </u>	<u>11,233.40</u>
Balance December 31, 2021		\$	<u><u>2,757.54</u></u>

**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

	Other	Assessment
	\$	\$
Balance December 31, 2020 - Treasurer	6,169,290.39	401,937.37
Balance December 31, 2020 - Collector	2,213,414.06	
	<u>8,382,704.45</u>	
Increased By Receipts:		
Insurance Funds:		
Workers' Compensation Insurance Fund	\$ 190,484.57	
General Liability Insurance Fund	187,351.13	
Reserve for Outside Lien Redemptions	4,043,819.84	
Reserve for Tax Premiums	1,612,325.65	
Funds Held in Escrow - Inspection Fees	125,924.65	
Funds Held in Escrow - Developer Escrow Fees	339,893.46	
Payroll Deductions	14,393,389.01	
Reserve for Compensated Absences	1,000.00	
Reserve for Special Law Enforcement	697.91	
Reserve for Housing Trust Fund	94,443.59	
Reserve for Utility Escrow Deposits	53,122.00	
Reserve for Community Events	97,392.70	
Reserve for Police Special Detail	344,654.36	
Reserve for Public Defender Trust	28,624.17	
Reserve for Uniform Fire Safety	7.61	
Reserve for Snow Removal	132,315.03	
Reserve for Landfill Closure	2,304.12	
Reserve for Parking Offenses Adjudication Act	-	
Due to Dog Fund		8,027.20
Assessments Receivable		-
Due from Current Fund	61.97	
	<u>21,647,811.77</u>	<u>8,027.20</u>
	30,030,516.22	409,964.57

**TRUST FUND**  
**SCHEDULE OF OTHER TRUST CASH - TREASURER**

Decreased By Disbursements:			
Reserve for Escrow - Inspection Fees	292,711.20		
Developer Escrow Funds	231,632.52		
Payroll Deductions	14,389,720.57		
Insurance Funds:			
Workers' Compensation Insurance Fund	202,115.73		
General Liability Insurance Fund	144,671.80		
Reserve for Outside Lien Redemptions	4,135,955.86		
Reserve for Tax Premiums	1,289,925.65		
Reserve for Compensated Absences	12,685.09		
Reserve for Housing Trust Fund	25,805.52		
Reserve for Special Law Enforcement	3,537.50		
Reserve for Utility Escrow Deposits	19,817.90		
Reserve for Public Defender Trust	28,250.00		
Reserve for Community Events	73,809.50		
Reserve for Snow Removal	55,249.12		
Reserve for Landfill Closure	-		
Reserve for Parking Offenses Adjudication Act	-		
Reserve for Police Special Detail	326,145.40		
Refund Excess Proceeds from Tax Sale			
Due to Utility	0.18		
Due to Current Fund		30.60	
		<u>21,232,033.54</u>	<u>30.60</u>
Balance December 31, 2021	\$	<u><u>8,798,482.68</u></u>	<u><u>\$ 409,933.97</u></u>
Balance December 31, 2021 - Treasurer	\$	6,354,742.67	
Balance December 31, 2021 - Collector	\$	<u><u>2,443,740.01</u></u>	
	\$	<u><u>8,798,482.68</u></u>	



**TRUST ASSESSMENT FUND**  
**ANALYSIS OF CASH**

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Assessments	Misc.	Assessments	Misc.	From	To	
Due to/ (from) Current Fund	\$ 30.60				30.60			-
Assessments Receivable	(8,266.36)	8,027.20						(239.16)
Assessment Lien Receivable	-							-
Deposits on Future Assessments	2,897.46							2,897.46
Assessment Overpayments	-							-
Reserve for Assessments and Liens	106,633.22							106,633.22
Assessment Fund Balance	300,642.45							300,642.45
	\$ 401,937.37	8,027.20	-	-	30.60	-	-	409,933.97

**TRUST ASSESSMENT FUND**  
**STATEMENT OF ASSESSMENTS RECEIVABLE**

Ord. Num.	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2020	Collected	Transferred to Lien	Balance Dec. 31, 2021	Due General Capital Fund	Balance Pledged to Reserve
1360	Construction and Extension of the Water Distribution System into Absecon Highlands III, Sub-Basin II	12/13/2011	10	03/1/12-21	8,266.36	8,027.20		239.16		239.16
					\$ 8,266.36	8,027.20	-	239.16	-	239.16

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2020		\$ 3,599.74
Increased By:		
Dog Licenses Fees Collected	\$ 9,190.40	
Kennel License/Replacement Tags	50.00	
Late Fees Collected		
		9,240.40
		12,840.14
Decreased By Disbursements:		
Animal Control Expenditures	10,088.00	
		10,088.00
Balance December 31, 2021		\$ 2,752.14

License Fees Collected	<u>Year</u>	
	2019	12,915.40
	2020	10,358.00
	\$	23,273.40

**TRUST FUND**  
**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

Balance December 31, 2020		\$	4.20
Increased By:			
Collected in 2020	\$	<u>1,146.60</u>	
			<u>1,146.60</u>
			<u>1,150.80</u>
Decreased By:			
Paid to State of New Jersey		<u>1,145.40</u>	
			<u>1,145.40</u>
Balance December 31, 2021		\$	<u><u>5.40</u></u>

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

Balance December 31, 2020		\$	3,118,765.14
Increased by:			
Bond Anticipation Notes	\$	1,425,000.00	
Capital Improvement Fund		1,000.00	
Premium on Sale of Bond Anticipation Notes		32,399.00	
Reimbursements		0.25	
			<u>1,458,399.25</u>
			4,577,164.39
Decreased by:			
Improvement Authorization		815,006.61	
			<u>815,006.61</u>
Balance December 31, 2021		\$	<u><u>3,762,157.78</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
<b>\$</b>								
Fund Balance	506,086.22	32,399.00						538,485.22
Capital Improvement Fund	352,784.93	1,000.00				75,000.00		278,784.93
Contracts Payable	625,734.74					625,734.74	1,440,963.77	1,440,963.77
<b>Improvement Authorizations:</b>								
1032 Closure/Expansion of Landfill	352,238.13			25,235.70		18,201.99	11,622.66	320,423.10
1611 Various Capital Improvements	310.50						-	310.50
1880 Tax Appeal Refunding	85,422.80							85,422.80
1897 Various Capital Improvements	385,502.35			50,359.60		142,064.34	29,049.00	222,127.41
1945 Various Capital Improvements	308,380.25			57,509.75		76,284.62	61,272.12	235,858.00
1963 Various Capital Improvements	1,665.31					1,665.31	-	-
1990 Various Capital Improvements	700.41			431.25		108,723.60	108,723.60	269.16
2011 Various Capital Improvements	565,317.00			212,279.75		128,498.61	340,778.61	565,317.25
2036 Various Capital Improvements	(65,377.50)		1,425,000.00	417,411.56		629,243.54	74,288.75	387,256.15
2053 Various Capital Improvements				51,778.75		336,281.76	75,000.00	(313,060.51)
<b>\$</b>	<b>3,118,765.14</b>	<b>33,399.00</b>	<b>1,425,000.00</b>	<b>815,006.36</b>	<b>-</b>	<b>2,141,698.51</b>	<b>2,141,698.51</b>	<b>3,762,157.78</b>

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

Balance December 31, 2020		\$	352,784.93
Increased by:			
Current Fund Budget Appropriation	\$	1,000.00	
		<hr/>	<hr/>
			1,000.00
			353,784.93
Decreased by:			
Financed Improvement Authorization		75,000.00	
		<hr/>	<hr/>
			75,000.00
Balance December 31, 2021		\$	<u><u>278,784.93</u></u>

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

Balance December 31, 2020		\$	3,364,834.64
Increased by:			
None	\$	-	
			<u>-</u>
			3,364,834.64
Decreased by:			
Serial Bonds Paid	1,290,000.00		
NJ Environmental Infrastructure Loan Paid	5,590.00		
Green Trust Loan Paid	11,338.97		
			<u>1,306,928.97</u>
Balance December 31, 2021		\$	<u><u>2,057,905.67</u></u>



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

Ord #	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Raised in 2021 Budget	Balance Dec. 31, 2021	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1963	Various Capital Improvements	\$ 370,000.00		370,000.00	-	-		
1990	Various Capital Improvements	1,520,000.00		320,000.00	1,200,000.00	1,200,000.00		
2011	Various Capital Improvements	1,900,000.00			1,900,000.00	1,900,000.00		
2036	Various Capital Improvements	1,425,000.00			1,425,000.00	1,425,000.00		
2053	Various Capital Improvements							1,111,939.49
		<u>\$ 5,215,000.00</u>	<u>1,425,000.00</u>	<u>690,000.00</u>	<u>5,950,000.00</u>	<u>4,525,000.00</u>	<u>-</u>	<u>1,111,939.49</u>
Improvement Authorizations Unfunded							2,064,782.05	
Less:								
Unexpended Proceeds of Bond								
Anticipation Notes Issued:								
	Ord. Number							
	1990	Various Capital Improvements					269.16	
	2011	Various Capital Improvements					565,317.25	
	2036	Various Capital Improvements					387,256.15	
								<u>952,842.56</u>
								<u>1,111,939.49</u>

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Refunds/ Transfers	Balance December 31, 2021		
				Balance December 31, 2020		Other Funding	Deferred Charges to Future Taxation		Paid or Charged	Funded	Unfunded
				Funded	Unfunded						
1032	Closure and Expansion of Landfill	2/26/1991	7,625,000	\$ 352,238.13					31,815.03	320,423.10	
1611	Drainage Improvements and Pedestrian Paths	8/9/2005	79,570	310.50					-	310.50	
1880	Tax Appeal Refunding	10/8/2013	1,580,000	85,422.80						85,422.80	
1897	Various Capital Improvements	11/12/2014	4,470,000	385,502.35	-				163,374.94	222,127.41	
1945	Various Capital Improvements	8/16/2016	1,392,261	308,380.25					72,522.25	235,858.00	
1963	Various Capital Improvements	5/9/2017	1,000,000		1,665.31				1,665.31		-
1990	Various Capital Improvements	5/22/2018	1,600,000		700.41				431.25		269.16
2011	Various Capital Improvements	4/9/2019	2,000,000		565,317.00			0.25	972,366.35	-	565,317.25
2036	Various Capital Improvements	5/12/2020	1,500,000		1,359,622.50				388,060.51	-	387,256.15
2053	Various Capital Improvements	8/10/2021	1,500,000			75,000.00	1,425,000.00				1,111,939.49
				<u>\$ 1,131,854.03</u>	<u>1,927,305.22</u>	<u>75,000.00</u>	<u>1,425,000.00</u>	<u>0.25</u>	<u>1,630,235.64</u>	<u>864,141.81</u>	<u>2,064,782.05</u>
							Cash Disbursements		815,006.61		
							Contract Payable PY		(625,734.74)		
							Contract Payable CY		1,440,963.77		
									<u>1,630,235.64</u>		

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding						Balance Dec. 31, 2021
			December 31, 2021		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	
			Date	Amount					
General Obligation Bonds of 2011	9/1/2011	11,000,000	9/1/2022	1,300,000.00	2.625%	\$ 3,290,000.00		1,290,000.00	2,000,000.00
			9/1/2023	700,000.00	3.000%				
						\$ 3,290,000.00	-	1,290,000.00	2,000,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
Ponzio Park	2002	\$ 150,000	2022	5,754.67	2.000%	17,093.64	-	11,338.97	5,754.67
						<u>17,093.64</u>	<u>-</u>	<u>11,338.97</u>	<u>5,754.67</u>
						\$			

**GENERAL CAPITAL FUND**  
**SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			December 31, 2021								
			Date	Amount							
Wrangleboro Road Fund Loan	12/16/2011	\$ 81,951	2021-2029	\$ 4,167.00	0.000%	\$ 41,627.00		4,167.00	37,460.00		
			2030	4,124.00							
Wrangleboro Road Trust Loan	12/16/2011	30,000	2022	1,448.00	1.900%	16,114.00		1,423.00	14,691.00		
			2023	1,475.00	2.050%						
			2024	1,506.00	2.170%						
			2025	1,538.00	2.290%						
			2026	1,574.00	2.390%						
			2027	1,611.00	2.920%						
			2028	1,658.00	3.000%						
			2029	1,708.00	3.080%						
			2030	1,760.00	3.130%						
			2031	413.00	3.190%						
						\$ 57,741.00		5,590.00	52,151.00		
						-					

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
Various Capital Improvements	1963	8/14/2019	8/11/2021	8/10/2022	\$	370,000.00		370,000.00	-
Various Road & Drainage Improv.	1990	8/14/2019	8/11/2021	8/10/2022	1.000%	1,520,000.00		320,000.00	1,200,000.00
Various Capital Improvements	2011	8/12/2020	8/11/2021	8/10/2022	1.000%	1,900,000.00	-	-	1,900,000.00
Various Capital Improvements	2036		8/11/2021	8/10/2022	1.000%	-	1,425,000.00		1,425,000.00
					\$	3,790,000.00	1,425,000.00	690,000.00	4,525,000.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Debt Issued	Raised in Budget	Balance Dec. 31, 2021
2036	Various Capital Improvements	\$ 1,425,000.00	-	1,425,000.00		-
2053	Various Capital Improvements		1,425,000.00			1,425,000.00
		<u>\$ 1,425,000.00</u>	<u>1,425,000.00</u>	<u>1,425,000.00</u>	<u>-</u>	<u>1,425,000.00</u>

**SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2020	\$ 6,760,556.49	1,864,684.86
Increased by Receipts:		
Collector	6,189,534.66	
Miscellaneous Revenue	169,855.73	22,912.00
Utility Overpayments	6,748.39	
	<u>6,366,138.78</u>	<u>22,912.00</u>
	13,126,695.27	1,887,596.86
Decreased by Disbursements:		
Current Year Appropriation	4,983,369.84	
Prior Year Appropriations	130,524.39	
Accrued Interest on Bonds and Notes	76,603.05	
Refunds	755.92	
Due from Current Fund	361.41	
Improvement Authorizations		190,632.68
	<u>5,191,614.61</u>	<u>190,632.68</u>
Balance December 31, 2021	\$ <u><u>7,935,080.66</u></u>	<u><u>1,696,964.18</u></u>



**SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
<b>\$</b>		22,912.00						
Fund Balance	1,042,234.85							1,065,146.85
Capital Improvement Fund	195,068.25							195,068.25
Contracts Payable	209,191.90					209,191.90	28,549.12	28,549.12
Reserve for Payment of Bonds/Notes	15,070.51							15,070.51
<b>Improvement Authorizations:</b>								
1840 Various Sewer Improvements	12,328.49			4,841.00		1,086.50	1,086.50	12,328.49
1898 Various Sewer Improvements	0.41					6,008.94	10,873.94	24.41
1916 Various Sewer Improvements	-						-	-
1919 Various Sewer Improvements	93,007.65							93,007.65
1936 George St. Manhole Replacement	3,930.00			-				3,930.00
1964 Various Sewer Improvements	(999,487.70)			22,913.80		1,847.75	58,318.55	(965,930.70)
2012 Various Sewer Improvements	1,293,340.50		-	162,877.88		19,605.93	138,912.91	1,249,769.60
<b>\$</b>	<b>1,864,684.86</b>	<b>22,912.00</b>	<b>-</b>	<b>190,632.68</b>	<b>-</b>	<b>237,741.02</b>	<b>237,741.02</b>	<b>1,696,964.18</b>

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2020		\$ 8,486.56
Increased by:		
Consumer Accounts Charges and Levies	\$ 6,205,186.25	
Other	24,138.78	
	<hr/>	<hr/>
		6,229,325.03
		6,237,811.59
Decreased by:		
Collections	6,187,382.16	
Overpayments Applied	40,233.97	
Transfers to Liens	1,155.00	
Other	-	
	<hr/>	<hr/>
		6,228,771.13
Balance December 31, 2021		\$ <u><u>9,040.46</u></u>

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF UTILITY LIENS**

Balance December 31, 2020		\$ 6,955.16
Increased by:		
Transferred from Consumer Accounts Receivable	\$ 1,155.00	
Penalties and Costs	-	
	<hr/>	<hr/>
		1,155.00
		8,110.16
Decreased by:		
Collections	2,152.50	
Other		
	<hr/>	<hr/>
		2,152.50
Balance December 31, 2021		\$ <u><u>5,957.66</u></u>

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 201,041.43	201,041.43	-	201,041.43	-
Other Expenses	1,159,583.74	1,159,583.74	102,786.98	1,056,796.76	-
Capital Improvements:					
Capital Outlay	350,145.27	350,145.27	56,478.46	293,666.81	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	9,077.33	9,077.33	-	9,077.33	-
Unemployment Compensation Insurance	3,577.47	3,577.47	-	3,577.47	-
	<u>1,723,425.24</u>	<u>1,723,425.24</u>	<u>159,265.44</u>	<u>1,564,159.80</u>	<u>-</u>

**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES**

Balance December 31, 2020	\$	35,961.22
Increased by:		
Accrued interest charged to 2021 budget	\$	76,693.05
appropriation - interest on bonds and notes		<u>76,693.05</u>
		112,654.27
Decreased By:		
Disbursements	86,441.77	
		<u>86,441.77</u>
Balance December 31, 2021	\$	<u><u>26,212.50</u></u>

Analysis of Accrued Interest December 31, 2021

	Principal Outstanding December 31, 2021	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
	680,000	3.00%	09/01/21	12/31/21	120	6,800.00
	<u>680,000</u>					<u>6,800.00</u>
<u>NJEIT Loans</u>						
	10,000	3.50%	08/01/21	12/31/21	150	145.83
	70,000	4.00%	08/01/21	12/31/21	150	1,166.67
	10,000	5.00%	08/01/21	12/31/21	150	208.33
	270,000	5.00%	08/01/21	12/31/21	150	5,625.00
	<u>360,000</u>					<u>7,145.83</u>
<u>Bond Anticipation Notes</u>						
	3,200,000.00	1.00%	8/12/2021	12/31/21	138	12,266.67
Total Accrued Interest at December 31, 2021						<u><u>26,212.50</u></u>

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Paid or Charged	Other/ Reimbursement	Balance December 31, 2021	
				Funded	Unfunded			Funded	Unfunded
1840-11	Various Sewer Improvements	6/28/2011	250,000.00	\$ 12,328.49		1,086.50	1,086.50	12,328.49	
1898-14	Various Sewer Improvements	11/12/2014	2,020,000.00	-	0.41	10,849.94	10,873.94		24.41
1919-15	Various Sewer Improvements	9/22/2015	510,908.89	93,007.65		-		93,007.65	
1936-16	George St. Manhole Replacement	3/8/2016	30,000.00	3,930.00	-	-		3,930.00	
1964-17	Various Sewer Improvements	5/9/2017	1,000,000.00		512.30	24,761.55	58,318.55		34,069.30
2012-19	Various Sewer Improvements	4/9/2019	2,000,000.00		293,340.50	182,483.81	138,912.91		249,769.60
				<u>\$ 109,266.14</u>	<u>293,853.21</u>	<u>219,181.80</u>	<u>209,191.90</u>	<u>109,266.14</u>	<u>283,863.31</u>
						Cash Disbursements			
						Contract Payable PY			
						(209,191.90)			
						28,549.12			
						<u>219,181.80</u>			

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
Sewer Bonds of 2011	9/1/2011	3,100,000	9/1/2022	340,000.00	3.000%	\$ 1,020,000.00		340,000.00	680,000.00
			9/1/2023	340,000.00	3.000%				
						\$ 1,020,000.00	-	340,000.00	680,000.00

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS**

Ord. Number	Purpose	Date of Issue	Amount of Original Issue*	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
				Date	Amount					
1785	Sanitary Sewer Improvements (Trust Loan)	3/10/2010	150,000	2022-2025 2026	10,000.00 10,000.00	4.000% 3.500%	90,000.00		10,000.00	80,000.00
				2027-2029	10,000.00	4.000%				
1785/1806	Sanitary Sewer Improvements (Fund Loan)	12/2/2010	869,106	2021-2024 2025	44,191.83 8,591.99	0.000%	185,359.31		44,191.83	141,167.48
1785/1806	Sanitary Sewer Improvements (Trust Loan)	12/2/2010 (due 8/1)	810,000	2022-2023 2024-2026 2027	45,000.00 50,000.00 40,000.00	5.000% 5.000% 5.000%	320,000.00		40,000.00	280,000.00
							\$ 595,359.31	-	94,191.83	501,167.48
							Loan payments		\$ 94,191.83	
							Loan Reduction		\$ 94,191.83	

\* Amounts may have had loan reductions during the course of its maturities

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Raised in Budget	Debt Issued	Balance Dec. 31, 2021
	No current year activity	\$ -			-	-
		\$ -	-	-	-	-



**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
Various Sewer Improvements	1898	8/23/2016	8/11/2021	8/10/2022	1.000% \$	800,000.00		600,000.00	200,000.00
Various Sewer Improvements	1964	8/14/2019	8/11/2021	8/10/2022	1.000%	1,000,000.00			1,000,000.00
Various Sewer Improvements	2012	8/14/2019	8/11/2021	8/10/2022	1.000%	2,000,000.00	-		2,000,000.00
					\$	3,800,000.00	-	600,000.00	3,200,000.00

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**TOWNSHIP OF GALLOWAY**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2021**

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## **GENERAL COMMENTS**

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

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

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

- Fire Apparatus Maintenance
- Well Testing, Sampling and Analysis
- 2021 Road Program
- Odor and Corrosion Control for Pump Stations
- Rock Salt
- Roof Replacement - Ambulance Building
- Drainage Improvement Project

### **Collection of Interest on Delinquent Taxes and Assessments**

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

**BE IT RESOLVED** by the Council of the Township of Galloway, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the governing body inter alia to fix the rate of interest to be charged, in the Township of Galloway, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

**BE IT FURTHER RESOLVED** by the Council of the Township of Galloway, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the year 2021.

This Resolution shall take effect January 1, 2021.

It appears from an examination of the collector's records that interest was charged in accordance with the foregoing resolution.

#### **Delinquent Taxes and Tax Title Liens**

The tax sale was held and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens and utility liens receivable on December 31<sup>st</sup> of the last three years:

<u>Year</u>	<u>Tax Liens</u>	<u>Utility Liens</u>
2021	1679	81
2020	1657	81
2019	1627	78

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

#### **Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent taxes and charges as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2021 and 2022 Taxes	5
Payment of 2021 and 2022 Sewer Charges	5
Total	<u>10</u>

#### **Deposit of Municipal Funds**

N.J.S.A. 40A:5-15 states:

"All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository."

Our examination revealed that municipal funds were deposited within the mandated time.

## **FINDINGS AND RECOMMENDATIONS**

**None**

## **STATUS OF PRIOR RECOMMENDATIONS**

**None**

## **FINDINGS**

**None**

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

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

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

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

**August 5, 2022**