

**TOWNSHIP OF ALLOWAY  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2013**

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**PART I**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY DATA**  
**YEAR ENDED DECEMBER 31, 2013**

# PETRONI & ASSOCIATES LLC

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of Alloway  
49 South Greenwich Street  
Alloway, New Jersey 08001

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Alloway, as of December 31, 2013 and 2012, 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, 2013, and the related notes to the financial statements, which collectively comprise the Township of Alloway's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Alloway as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2013 and 2012, 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, 2013, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Alloway's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2014, on our consideration of the Township of Alloway'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 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 Alloway's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

February 21, 2014



## **CURRENT FUND**

## EXHIBIT A

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
<b>ASSETS</b>			
Regular Fund			
Cash - Treasurer	A-4	2,176,136.65	2,325,292.90
Cash - Collector	A-5	347,621.82	
Change Fund		95.00	95.00
Due State of New Jersey: Senior & Vet Deductions	A-16	1,250.00	1,750.00
		2,525,103.47	2,327,137.90
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	286,590.28	415,273.43
Tax Title Liens Receivable	A-10	70,333.28	55,467.45
Property Acquired for Taxes - Assessed Valuation	A-11	187,500.00	187,500.00
Due from Performance Bond Escrow			22.55
Due from Developer's Escrow Trust Fund	B	0.33	
Due from Tax Sale Redemption	B	100.24	
Due from Federal and State Grant Fund			109,880.58
		544,524.13	768,144.01
Deferred Charges:			
Special Emergency Authorization			38,000.00
Emergency Authorization			974.86
Total Deferred Charges			38,974.86
Total Regular Fund		3,069,627.60	3,134,256.77
Federal and State Grant Fund			
Cash - Treasurer	A-4	30,255.45	
Grants Receivable	A-8	53,799.31	312,445.61
		84,054.76	312,445.61
		3,153,682.36	3,446,702.38

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	<u>Balance Dec. 31, 2013</u>	<u>Balance Dec. 31, 2012</u>
<b>Regular Fund</b>			
Liabilities:			
Appropriation Reserves	A-3:A-13	211,388.61	208,804.80
Encumbrances Payable	A-14	18,667.93	11,969.99
Accounts Payable			2,709.56
Due State of New Jersey:			
Marriage and Burial Permits		125.00	50.00
Construction DCA Fees		454.00	630.00
Prepaid Taxes		112,596.79	81,953.50
Tax Overpayments		61,949.98	15,625.29
Deposits on Sale of Property			400.00
Due Payroll Agency Trust			178.40
Due Tax Sale Premium Trust	B	394.22	312.16
Due Municipal Open Space Trust			137.04
Due Recreation Trust	B	1.00	
Reserve for Revaluation		86.04	86.04
Special Emergency Note Payable	A-7	38,000.00	76,000.00
Due County for Added and Omitted Taxes	A-9	3,129.18	12,901.58
Local School District Tax Payable	A-17	1,368,783.45	1,287,118.45
Reserve for Unappropriated Revenue:			
Municipal Alliance Program Income		133.60	133.60
JIF Safety Awards		1,580.00	1,580.00
Museum Donations		178.10	178.10
Donations Power of One		457.18	385.39
		<u>1,817,925.08</u>	<u>1,701,153.90</u>
Reserve for Receivables		544,524.13	768,144.01
Fund Balance	A-1	707,178.39	664,958.86
		<u>3,069,627.60</u>	<u>3,134,256.77</u>
<b>Federal and State Grant Fund</b>			
Reserve for Grants - Appropriated	A-15	83,754.76	202,565.03
Encumbrances Payable	A-14	300.00	
Due Current Fund			109,880.58
		<u>84,054.76</u>	<u>312,445.61</u>
		<u>3,153,682.36</u>	<u>3,446,702.38</u>

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

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

	Ref.	Year 2013	Year 2012
<b>Revenue and Other Income Realized</b>			
Fund Balance Utilized	A-2	377,517.47	485,812.89
Miscellaneous Revenue Anticipated	A-2	692,675.50	1,009,332.07
Receipts from Delinquent Taxes	A-2	432,584.98	262,036.25
Receipts from Current Taxes	A-2	6,667,132.78	6,506,764.02
Non-Budget Revenue	A-2	48,268.47	123,730.73
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	185,012.70	227,323.05
Encumbrances Payable Canceled	A-14	670.00	2,837.24
Deposits on Sale of Property Canceled		400.00	
Interfund Loan Returned		110,259.93	23.34
Reserve for Grants Appropriated Canceled	A-15	292.83	17,630.57
Senior Citizen Receivable Canceled			5,084.94
<b>Total Income</b>		<b>8,514,814.66</b>	<b>8,640,575.10</b>
<b>Expenditures</b>			
Budget Appropriations			
Operations within "CAPS:":			
Salaries and Wages	A-3	399,926.00	392,073.00
Other Expenses	A-3	598,565.50	622,836.00
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	68,262.86	76,943.14
Operations excluded from "CAPS:":			
Other Expenses	A-3	37,673.21	37,943.34
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	38,000.00	111,034.78
Capital Improvements	A-3	40,000.00	445,000.00
Debt Service	A-3	360,856.39	367,376.25
County Taxes	A-9	2,665,544.77	2,670,176.83
County Open Space Tax	A-9	56,625.87	58,077.15
Due County for Added and Omitted Taxes	A-9	3,129.18	12,901.58
Municipal Open Space Tax	A-9	14,275.00	28,622.04
Local District School Tax	A-17	3,807,725.00	3,644,400.00
Prior Year Deductions Disallowed	A-16	3,500.00	2,250.00
Grants Receivable Canceled	A-8	292.83	18,127.57
Prior Year Refund	A-4	618.99	
Interfund Loan Advanced		82.06	24,286.81
<b>Total Expenditures</b>		<b>8,095,077.66</b>	<b>8,512,048.49</b>
Excess in Revenue		419,737.00	128,526.61
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			974.86

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

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

	Ref.	<u>Year 2013</u>	<u>Year 2012</u>
Statutory Excess to Fund Balance		419,737.00	129,501.47
<b>Fund Balance</b>			
Balance January 1	A	<u>664,958.86</u>	<u>1,021,270.28</u>
		1,084,695.86	1,150,771.75
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>377,517.47</u>	<u>485,812.89</u>
Balance December 31	A	<u><u>707,178.39</u></u>	<u><u>664,958.86</u></u>

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

## STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	<u>377,517.47</u>		<u>377,517.47</u>	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-12	1,000.00		1,186.80	186.80
Fines and Costs:					
Municipal Court	A-12	9,000.00		6,761.84	(2,238.16)
Interest and Costs on Taxes	A-12	45,000.00		82,751.40	37,751.40
Interest on Investments	A-12	5,000.00		4,150.32	(849.68)
Salem County Utilities Authority -					
Host Community Benefits	A-12	175,000.00		224,016.47	49,016.47
Energy Receipts Tax	A-12	327,413.00		327,413.00	
Watershed Moratorium Aid	A-12	188.00		188.00	
Uniform Construction Code	A-12	15,000.00		20,985.20	5,985.20
Uniform Fire Safety Act	A-12	3,200.00		4,633.83	1,433.83
JIF Safety Incentive	A-12	750.00		222.30	(527.70)
JIF Safety Reimbursement	A-12	1,755.00		1,755.00	
Clean Communities Program	A-8		11,362.38	11,362.38	
Recycling Tonnage	A-8		3,349.50	3,349.50	
Municipal Alliance Program	A-8	3,899.46		3,899.46	
Total Miscellaneous Revenues		<u>587,205.46</u>	<u>14,711.88</u>	<u>692,675.50</u>	<u>90,758.16</u>
Receipts from Delinquent Taxes	A-2	<u>391,300.00</u>		<u>432,584.98</u>	<u>41,284.98</u>
Subtotal General Revenues		<u>978,505.46</u>	<u>14,711.88</u>	<u>1,125,260.48</u>	<u>132,043.14</u>
Amount to be Raised by Taxation	A-2	<u>532,462.00</u>		<u>479,077.20</u>	<u>(53,384.80)</u>
Budget Totals		<u>1,888,484.93</u>	<u>14,711.88</u>	<u>1,981,855.15</u>	<u>78,658.34</u>
Non-Budget Revenue	A-2			<u>48,268.47</u>	
		<u>1,888,484.93</u>	<u>14,711.88</u>	<u>2,030,123.62</u>	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Anticipated		Realized	Excess or (Deficit)
	Budget	Special NJSA 40A:4-87 Ref.		
Allocation of Current Tax Collections:				
Revenue from Collections		A-9		6,667,132.78
Allocated to:				
School and County Taxes				6,533,024.82
Municipal Open Space				14,275.00
Balance for Support of Municipal Budget Appropriation				<u>119,832.96</u>
Add: Appropriation "Reserve for Uncollected Taxes"		A-3		359,244.24
Amount for Support of Municipal Budget Appropriation		A-2		<u><u>479,077.20</u></u>
Receipts from Delinquent Taxes:				
Delinquent Tax Collection		A-9		410,834.91
Tax Title Liens		A-10		21,750.07
		A-2		<u><u>432,584.98</u></u>
<b>Analysis of Non-Budget Revenue</b>				
Miscellaneous Revenue Not Anticipated:				
Revenue Accounts Receivable:				
Cable TV Franchise Fee		A-12		8,761.57
Refunds		A-12		3,184.59
Recycling Fees		A-12		12,834.28
Various Fees and Permits		A-12		8,086.14
Convenience Center Stickers and Fees		A-12		1,524.00
Miscellaneous		A-12		2,812.96
Senior Citizen & Veterans Admin. Fee		A-12		985.00
Use of Building		A-12		4,625.00
JIF Safety Incentive		A-12		475.70
FEMA Reimbursements		A-12		4,979.23
		A-2		<u><u>48,268.47</u></u>

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

## STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>GENERAL GOVERNMENT</b>						
Mayor and Township Committee						
Salaries & Wages	21,630.00	21,630.00	21,630.00			
Other Expenses	1,995.00	1,995.00	1,275.47	75.00	644.53	
Municipal Clerk						
Salaries & Wages	83,000.00	83,000.00	82,045.85		954.15	
Other Expenses	14,860.00	14,860.00	8,174.70		6,685.30	
Financial Administration						
Salaries & Wages	30,000.00	30,000.00	24,258.15		5,741.85	
Other Expenses						
Miscellaneous Other Expenses	13,157.50	13,157.50	12,159.77		997.73	
Computer Consultant	2,500.00	2,500.00	2,000.00		500.00	
Webmaster						
Other Expenses	2,530.00	2,530.00	2,530.00			
Audit Services						
Other Expenses	25,000.00	25,000.00	22,063.00		2,937.00	
Revenue Administration (Tax Collection)						
Salaries & Wages	28,000.00	28,000.00	21,598.73		6,401.27	
Other Expenses	7,671.25	7,671.25	5,935.90		1,735.35	
Tax Assessment Administration						
Salaries & Wages	22,500.00	22,500.00	21,289.60		1,210.40	
Other Expenses	18,358.75	18,358.75	9,825.76		8,532.99	
Legal Services and Costs						
Other Expenses	14,000.00	14,000.00	8,867.17	1,500.00	3,632.83	
Engineering Services and Costs						
Other Expenses	17,100.00	17,100.00	4,006.74	8,500.00	4,593.26	
Township Historian						
Salaries & Wages	750.00	750.00	747.00		3.00	
Other Expenses	100.00	100.00			100.00	
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	4,500.00	4,500.00	2,065.00		2,435.00	
Other Expenses	7,500.00	7,500.00	1,076.26		6,423.74	

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



STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>CODE ENFORCEMENT ADMINISTRATION</b>						
Housing and Zoning						
Salaries and Wages	13,900.00	13,900.00	12,631.52		1,268.48	
Other Expenses	475.00	475.00	105.50		369.50	
<b>INSURANCE</b>						
Liability Insurance	28,908.00	28,908.00	26,682.17		2,225.83	
Workmen's Compensation	44,755.00	44,755.00	40,480.83		4,274.17	
Group Insurance Plan for Employees	22,000.00	22,000.00	20,504.52		1,495.48	
<b>JIF COORDINATOR</b>						
Salaries and Wages	2,401.00	2,401.00	2,354.00		47.00	
<b>PUBLIC SAFETY FUNCTIONS</b>						
Office of Emergency Management						
Salaries & Wages	3,033.00	3,033.00	3,033.00			
Other Expenses	522.50	522.50	264.50		258.00	
Aid to Volunteer Fire Company						
Other Expenses	25,650.00	25,650.00	25,650.00			
Ambulance						
Other Expenses:						
Safety Equipment Program	6,175.00	6,175.00	630.95		5,544.05	
Miscellaneous Other Expenses	9,405.00	9,405.00	9,405.00			
Uniform Fire Safety Act						
Salaries & Wages	6,012.00	6,012.00	5,267.40		744.60	
Other Expenses	2,850.00	2,850.00	623.44		2,226.56	
<b>PUBLIC WORKS FUNCTIONS</b>						
Road Repairs & Maintenance						
Salaries & Wages	120,000.00	119,000.00	89,456.93		29,543.07	
Other Expenses	30,400.00	30,400.00	17,519.22	1,235.21	11,645.57	
Snow Removal						
Other Expenses	3,000.00	4,000.00	617.81	2,890.50	491.69	
Trash Disposal						
Other Expenses	16,500.00	16,500.00	10,971.00		5,529.00	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Recycling						
Other Expenses	20,000.00	20,000.00	14,888.23		5,111.77	
Public Buildings & Grounds						
Salaries & Wages	2,200.00	2,200.00	2,176.00		24.00	
Other Expenses:						
Alloway Lake Dam Inspections	5,000.00	5,000.00	1,850.00		3,150.00	
Miscellaneous Other Expenses	46,265.00	46,265.00	27,696.10	4,467.22	14,101.68	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Public Health Services (Board of Health)						
Other Expenses	712.50	712.50			712.50	
Registrar of Vital Statistics						
Other Expenses	500.00	500.00			500.00	
Animal Control Regulation						
Other Expenses	300.00	300.00	281.68		18.32	
<b>PARK &amp; RECREATION FUNCTIONS</b>						
Recreation Services and Programs						
Other Expenses	1,425.00	1,425.00			1,425.00	
Maintenance of Parks						
Other Expenses						
Bostwick Lake	2,000.00	2,000.00	2,000.00			
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>						
Sanitary Landfill						
Salaries and Wages	27,000.00	31,000.00	30,724.50		275.50	
Other Expenses	15,675.00	11,675.00	3,407.42		8,267.58	
Salem County Utilities Authority						
Other Expenses						
Tipping Fees	60,000.00	60,000.00	53,837.54		6,162.46	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	40,000.00	40,000.00	27,440.92		12,559.08	
Street Lighting	27,000.00	27,000.00	20,535.74		6,464.26	
Telephone	14,000.00	14,000.00	12,259.09		1,740.91	
Propane Gas (Natural Gas)	1,000.00	1,000.00	32.12		967.88	
Fuel Oil (Heating)	16,000.00	16,000.00	9,633.45		6,366.55	
Sewerage	12,000.00	12,000.00	11,817.14		182.86	
Gasoline and Diesel Fuel	20,000.00	20,000.00	11,579.71		8,420.29	
<b>STATE UNIFORM CONSTRUCTION CODE</b>						
Construction Officials						
Salaries & Wages	32,000.00	32,000.00	29,842.11		2,157.89	
Other Expenses	4,275.00	4,275.00	1,426.18		2,848.82	
Total Operations within "CAPS"	998,491.50	998,491.50	779,174.82	18,667.93	200,648.75	
Detail:						
Salaries and Wages	396,926.00	399,926.00	349,119.79		50,806.21	
Other Expenses	601,565.50	598,565.50	430,055.03	18,667.93	149,842.54	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>					
Deferred Charges:					
Emergency Authorization	974.86	974.86	974.86		
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	32,588.00	32,588.00	32,588.00		
Social Security System (OASI)	30,000.00	30,000.00	27,045.45		2,954.55
Defined Contribution Retirement Program	3,500.00	3,500.00	1,808.23		1,691.77
NJ Disability Insurance	1,200.00	1,200.00	688.49		511.51
Total Deferred Charges & Statutory Expenditures within "CAPS"	68,262.86	68,262.86	63,105.03		5,157.83
Total General Appropriations for Municipal Purposes within "CAPS"	1,066,754.36	1,066,754.36	842,279.85	18,667.93	205,806.58
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
<b>EDUCATION FUNCTIONS</b>					
Aid to Library	237.50	237.50	237.50		
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Recycling Tax	3,349.50	3,349.50	2,868.63		480.87
Total Other Operations - Excluded from "CAPS"	3,587.00	3,587.00	3,106.13		480.87
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENT</b>					
Pilesgrove-Upper Pittsgrove-Alloway Joint Municipal Court	14,500.00	14,500.00	9,398.84		5,101.16
Total Interlocal Service Agreements	14,500.00	14,500.00	9,398.84		5,101.16

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET</b>					
<b>BY REVENUES</b>					
Clean Communities		11,362.38	11,362.38		
Municipal Alliance	4,874.33	4,874.33	4,874.33		
Recycling Tonnage		3,349.50	3,349.50		
Total Public & Private Programs Offset by Revenues	4,874.33	19,586.21	19,586.21		
Total Operations Excluded from "CAPS"	22,961.33	37,673.21	32,091.18		5,582.03
Detail:					
Other Expenses	22,961.33	37,673.21	32,091.18		5,582.03
<b>CAPITAL IMPROVEMENTS</b>					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Purchase of a Lawnmower	10,000.00	10,000.00	10,000.00		
Purchase of an Ambulance	20,000.00	20,000.00	20,000.00		
Total Capital Improvements	40,000.00	40,000.00	40,000.00		
<b>DEBT SERVICE</b>					
Payment of Bond Anticipation & Capital Notes	165,000.00	165,000.00	165,000.00		
Interest on Notes	5,700.00	5,700.00	5,567.74		132.26
NJ Department of Environmental Protection					
Principal	138,000.00	138,000.00	137,486.65		513.35
Interest	45,100.00	45,100.00	45,077.00		23.00
NJ Economic Development Authority					
Principal	7,500.00	7,500.00	7,500.00		
Interest	225.00	225.00	225.00		
Total Debt Service	361,525.00	361,525.00	360,856.39		668.61

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES EXCLUDED FROM "CAPS"</b>					
Deferred Charges:					
Special Emergency Authorization - 5 years (NJSA 40A:4-55)	38,000.00	38,000.00	38,000.00		
Total Deferred Charges	38,000.00	38,000.00	38,000.00		
Total General Appropriations Excluded from "CAPS"	462,486.33	477,198.21	470,947.57		668.61
Subtotal General Appropriations	1,529,240.69	1,543,952.57	1,313,227.42	18,667.93	668.61
Reserve for Uncollected Taxes	359,244.24	359,244.24	359,244.24		
Total General Appropriations	1,888,484.93	1,903,196.81	1,672,471.66	18,667.93	668.61
Ref.	A-2			A-14	A
Budget	Ref. A-3	1,888,484.93			
Appropriated by NJSA 40A:4-87	A-2	14,711.88			
		<u>1,903,196.81</u>			
Reserve for Uncollected Taxes	Ref. A-2		359,244.24		
Special Emergency Authorization - 5 years	A-6		38,000.00		
Deferred Charges	A		974.86		
Reserve for Federal & State Grants - Appropriated	A-15		19,586.21		
Disbursed	A-4		1,254,666.35		
			<u>1,672,471.66</u>		

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

## **TRUST FUND**

## EXHIBIT B

## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
<b>ASSETS</b>			
Animal Control Trust Fund			
Cash - Treasurer	B-1	24,721.81	22,123.74
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	16,925.51	16,517.23
Escrow Receivable		1,216.94	1,216.94
		<u>18,142.45</u>	<u>17,734.17</u>
Donations - Veteran's Memorial			
Cash - Treasurer	B-1	4,873.08	6,693.82
Payroll Agency Trust			
Cash - Treasurer	B-1	2,126.64	1,204.49
Due Current Fund			178.40
		<u>2,126.64</u>	<u>1,382.89</u>
Municipal Open Space Trust			
Cash - Treasurer	B-1	93,507.24	180,527.47
Due from Current Fund			137.04
		<u>93,507.24</u>	<u>180,664.51</u>
Performance Bond Escrow			
Cash - Treasurer	B-1	2,591.96	9,034.18
Due from Developer's Escrow Trust	B	0.04	0.37
		<u>2,592.00</u>	<u>9,034.55</u>
Recreation Trust Fund			
Cash - Treasurer	B-1	13,451.92	9,942.30
Due from Current Fund	A	1.00	
		<u>13,452.92</u>	<u>9,942.30</u>
Snow Removal Trust Fund			
Cash - Treasurer	B-1	11,866.12	12,841.72

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



EXHIBIT B  
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Tax Sale Premium			
Cash - Collector	B-2	41,005.78	2,600.00
Due Current Fund	A	394.22	312.16
		<u>41,400.00</u>	<u>2,912.16</u>
Tax Sale Redemption			
Cash - Collector	B-2	100.24	87.84
		<u>100.24</u>	<u>87.84</u>
Unemployment Compensation Fund			
Cash - Treasurer	B-1	30,738.68	30,834.66
		<u>30,738.68</u>	<u>30,834.66</u>
		<u>243,520.18</u>	<u>294,252.36</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Animal Control Trust Fund			
Encumbrances Payable			289.00
Due State of New Jersey			13.80
Reserve for Dog Fund Expenditures	B-3	24,721.81	21,820.94
		<u>24,721.81</u>	<u>22,123.74</u>
Developer's Escrow Trust Fund			
Reserve for Escrow Fees		13,625.75	13,678.14
Encumbrances Payable		4,516.33	4,055.66
Due Performance Bond Escrow	B	0.04	0.37
Due Current Fund	A	0.33	
		<u>18,142.45</u>	<u>17,734.17</u>
Donations - Veteran's Memorial			
Encumbrances Payable			100.00
Reserve for Veteran's Memorial Donations		4,873.08	6,593.82
		<u>4,873.08</u>	<u>6,693.82</u>
Municipal Open Space Trust			
Encumbrances Payable			10,495.00
Reserve for Open Space		93,507.24	170,169.51
		<u>93,507.24</u>	<u>180,664.51</u>

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

EXHIBIT B  
(Continued)

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Payroll Agency Trust			
Payroll Taxes Payable		2,126.64	1,382.89
Performance Bond Escrow			
Reserve for Performance Bond Escrow		2,592.00	9,012.00
Due Current Fund			22.55
		2,592.00	9,034.55
Recreation Trust Fund			
Reserve for Recreation Trust		13,231.92	8,132.30
Encumbrances Payable		220.00	1,810.00
		13,451.92	9,942.30
Snow Removal Trust Fund			
Reserve for Snow Removal		11,866.12	12,841.72
Tax Sale Premium			
Reserve for Tax Sale Premiums		41,400.00	2,912.16
		41,400.00	2,912.16
Tax Sale Redemption			
Due Current Fund	A	100.24	
Reserve for Tax Sale Premiums			87.84
		100.24	87.84
Unemployment Compensation			
Reserve for Unemployment Claims		30,738.68	30,834.66
		243,520.18	294,252.36

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

## **GENERAL CAPITAL FUND**

## COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
<b>ASSETS</b>			
Cash - Treasurer	C-2	254,052.15	266,561.61
Deferred Charges to Future Taxation:			
Funded		2,158,064.03	2,303,050.69
Unfunded	C-4	302,750.00	467,750.00
Grants Receivable	C-3	31,390.77	31,390.77
		2,746,256.95	3,068,753.07
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes Payable	C-7	302,750.00	467,750.00
Loan Payable - EDA	C-8	7,500.00	15,000.00
Loan Payable - EPA	C-8	2,150,564.03	2,288,050.69
Improvement Authorizations:			
Funded	C-6	57,436.99	72,481.36
Capital Improvement Fund	C-5	18,542.59	18,542.59
Reserves for:			
Purchase of Ambulance	C-3	35,000.00	15,000.00
Alloway Lake Dam	C-3	12,665.56	12,665.56
Purchase of a Generator	C-3	10,000.00	10,000.00
Municipal Building Drainage Project	C-3	20,000.00	20,000.00
Encumbrances Payable			17,465.09
Fund Balance	C-1	131,797.78	131,797.78
		2,746,256.95	3,068,753.07

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

**SEWER UTILITY FUND**

## EXHIBIT D

## COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Sewer Operating Fund:			
Cash - CFO	D-5	159,044.05	200,488.05
Cash - Collector	D-5	62,483.24	
Due from Sewer Capital Fund	D	0.41	
		<u>221,527.70</u>	<u>200,488.05</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable		58,230.77	53,679.96
Deferred Charges:			
Overexpenditure of Appropriation Reserve			105.02
Deficit in Operations			3,805.30
Total Deferred Charges			<u>3,910.32</u>
Total Operating Fund		<u>279,758.47</u>	<u>258,078.33</u>
Sewer Capital Fund:			
Cash	D-5	84,350.02	58,273.54
Fixed Capital	D-7	6,907,068.60	6,907,068.60
Fixed Capital Authorized and Uncompleted RDA - Grant Receivable	D-8	104,631.40	104,631.40 63,420.88
Total Capital Fund		<u>7,096,050.02</u>	<u>7,133,394.42</u>
		<u><u>7,375,808.49</u></u>	<u><u>7,391,472.75</u></u>

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

COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
<b>Sewer Operating Fund:</b>			
Liabilities:			
Appropriation Reserves	D-4:D-12	47,879.90	71,951.30
Encumbrances Payable	D-13	1,442.52	33.29
Sewer Overpayments		544.69	
Accrued Interest on Loans		8,449.24	8,554.75
		<u>58,316.35</u>	<u>80,539.34</u>
Reserve for Receivables		58,230.77	53,679.96
Fund Balance	D-1	163,211.35	123,859.03
		<u>279,758.47</u>	<u>258,078.33</u>
<b>Sewer Capital Fund:</b>			
Loan Payable - USDA	D-15	2,564,269.33	2,595,129.30
Improvement Authorizations:			
Funded	D-14	58,576.26	57,717.37
Encumbrances Payable			43,203.70
Reserve for Amortization		4,447,430.67	4,311,939.00
Deferred Reserve for Amortization			104,631.70
Due Sewer Operating Fund	D	0.41	
Capital Improvement Fund	D-11	5,000.00	
Fund Balance	D-2	20,773.35	20,773.35
		<u>7,096,050.02</u>	<u>7,133,394.42</u>
<b>Total Capital Fund</b>		<u><u>7,375,808.49</u></u>	<u><u>7,391,472.75</u></u>

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

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

<b>Revenue and Other Income Realized</b>	Ref.	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance Utilized	D-3	54,860.32	41,125.00
Sewer Rents	D-3	304,434.64	283,162.45
Non-Budget Revenue	D-3	5,649.51	6,524.18
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-12	64,066.98	14,162.08
<b>Total Income</b>		<u>429,011.45</u>	<u>344,973.71</u>
<b>Expenditures</b>			
Operating	D-4	184,200.00	209,831.00
Capital Improvements	D-4	5,000.00	
Debt Service	D-4	136,338.49	136,098.01
Deferred Charges and Statutory Expenditures - Municipal	D-4	9,260.32	2,850.00
<b>Total Expenditures</b>		<u>334,798.81</u>	<u>348,779.01</u>
Excess in Revenue		<u>94,212.64</u>	
Deficit in Operations			<u>(3,805.30)</u>
<b>Fund Balance</b>			
Balance January 1	D	123,859.03	164,984.03
		218,071.67	164,984.03
Decreased by:			
Utilization as Anticipated Revenue	D-1	54,860.32	41,125.00
Balance December 31	D	<u>163,211.35</u>	<u>123,859.03</u>

STATEMENT OF FUND BALANCE - SEWER CAPITAL FUND - REGULATORY BASIS

	Ref.	
Balance December 31, 2012	D	<u>20,773.35</u>
Balance December 31, 2013	D	<u>20,773.35</u>

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



STATEMENT OF REVENUES - SEWER OPERATING FUND - REGULATORY BASIS

	Ref.	Budget	Revenue Realized	Excess or (Deficit)
Surplus	D-1	54,860.32	54,860.32	
Sewer Rents	D-3	280,000.00	304,434.64	24,434.64
		<u>334,860.32</u>	<u>359,294.96</u>	<u>24,434.64</u>
	Ref. D-4			

**Analysis of Revenue Realized**

Rents:	Ref.	
Consumer Accounts Receivable: Collected	D-10	<u>304,434.64</u>

**Analysis of Miscellaneous Revenue**

Interest on Delinquent Accounts	Ref. D-5	5,022.40
Interest on Investments	D-5	479.54
Miscellaneous	D-5	147.57
		<u>5,649.51</u>

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

## STATEMENT OF EXPENDITURES - SEWER OPERATING FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operations:						
Salaries and Wages	44,000.00	44,000.00	13,961.75		30,038.25	
Other Expenses	140,200.00	140,200.00	124,870.97	1,442.52	13,886.51	
Capital Improvements						
Capital Improvement Fund	5,000.00	5,000.00	5,000.00			
Debt Service:						
Payment of Bond Principal	30,900.00	30,900.00	30,859.97			40.03
Interest on Bonds	105,500.00	105,500.00	105,478.52			21.48
Deferred Charges						
Overexpenditure of Appropriation Reserve	105.02	105.02	105.02			
Deficit in Operations	3,805.30	3,805.30	3,805.30			
Statutory Expenditures:						
Public Employees Retirement System	300.00	300.00	300.00			
Social Security	5,000.00	5,000.00	1,060.15		3,939.85	
State Disability Insurance	50.00	50.00	34.71		15.29	
	<u>334,860.32</u>	<u>334,860.32</u>	<u>285,476.39</u>	<u>1,442.52</u>	<u>47,879.90</u>	<u>61.51</u>
Ref.	D-3			D-13	D	
		Ref.				
Accrued Interest on Bonds & Loans			105,478.52			
Deferred Charges:						
Overexpenditure of Appropriation Reserve			105.02			
Deficit in Operations			3,805.30			
Disbursements		D-5	176,087.55			
			<u>285,476.39</u>			

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

## **GENERAL FIXED ASSETS**

## COMPARATIVE BALANCE SHEET - GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance <u>Dec. 31, 2013</u>	Balance <u>Dec. 31, 2012</u>
General Fixed Assets:		
Buildings	956,455.00	937,695.00
Land and Improvements	724,235.86	724,235.86
Infrastructure	4,933,185.23	4,736,766.89
Machinery and Equipment	2,574,296.25	2,561,838.12
	<u>9,188,172.34</u>	<u>8,960,535.87</u>
Investment in General Fixed Assets	<u>9,188,172.34</u>	<u>8,960,535.87</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of Alloway was incorporated in 1884 and is located in Salem County, New Jersey.

The Township has a three-member Township Committee form of government. The existing members of the Township Committee appoint a Mayor amongst themselves, who will serve for one year.

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

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

**B. Description of Funds**

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

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

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

**General Capital Fund** - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

**Sewer Operating and Capital Fund** - Account for the operations and acquisition of capital facilities, of the municipally-owned Sewer Utility.

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Description of Funds (Continued)**

**General Fixed Assets** - To account for fixed assets used in governmental operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**C. Basis of Accounting**

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

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

**Revenues** - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

**Expenditures** - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital and utility capital indebtedness is on the cash basis.

This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

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

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

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

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

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$5,000.00.

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

No depreciation has been provided for in the financial statements.

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

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

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



**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**Property Taxes (Continued)** - 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. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

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

**Capitalization of Interest** - It is the policy of the Township to capitalize interest in the Sewer Capital Fund on projects during the construction phase.

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

**Basic Financial Statements** - Governmental Accounting Standards Board (GASB) prescribes the financial statement presentation requirements for governmental units which are significantly different from the reporting requirements under the regulatory basis of accounting in the State of New Jersey. Generally Accepted Accounting Principles (GAAP) prescribes that the financial statements must be presented on an entity wide basis, including all funds exclusive of fiduciary funds, and segregating only government type and business type funds. The statements are presented on a full accrual basis and include all of the non fiduciary assets and liabilities of the entity. In addition, GAAP requires separate fund basis financial statements for all governmental, proprietary and fiduciary funds. The New Jersey Regulatory basis requires reporting of the appropriate separate fund financial statements and the fixed asset account group.

**D. Comparative Data**

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

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Recent Accounting Pronouncements Not Yet Effective**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25." This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the Township's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Township's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations." This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Township's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This statement is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Township's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68." The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the Township's financial reporting is not presently determinable.

**NOTE 2: BUDGETARY INFORMATION**

The Township must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$359,244.24 and \$300,325.54, respectively. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2: BUDGETARY INFORMATION (CONTINUED)**

funding source as per NJSA 40A:4-87. The following budget amendments were approved as follows:

Current Fund:

Special Items of Revenue:

Clean Communities	11,362.38
Recycling Tonnage Grant	3,349.50
	14,711.88

**NOTE 3: 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 able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name. The municipality’s policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2013 and 2012, the carrying amount of the Township’s deposits was \$3,355,947.36 and \$3,143,118.55, respectively. As of December 31, 2013 and 2012, \$0 of the municipality’s bank balance of \$3,304,073.03 and \$3,484,007.59, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2013 or 2012, the Township did not have any investments.

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

**Credit Risk** - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or bonds or other obligations of the Township school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 5: FUND BALANCES APPROPRIATED**

	<u>Year</u>	<u>Balance December 31</u>	<u>Budget of Succeeding Year</u>
	2013	707,178.39	a
	2012	664,958.86	377,517.47
Current Fund	2011	1,021,270.28	485,812.89
	2010	1,200,736.11	470,090.85
	2009	1,209,557.14	500,274.22
	2013	163,211.35	a
	2012	123,859.03	54,860.32
Sewer Operating Fund	2011	164,984.03	41,125.00
	2010	138,883.53	57,775.97
	2009	85,199.37	69,886.61

a = The budget for 2014 has not been introduced as of the date of the audit.

**NOTE 6: COMPENSATED ABSENCES**

The Township has permitted full-time employees to accrue unused vacation and sick pay, which may be taken off or paid at a later date at an agreed upon rate. The value of these earned and unused employee benefits, has not been accrued by either charges to operations or to budgets of the prior years. The Township's liability at December 31, 2013 and 2012, for accrued unused vacation and sick benefits is \$3,408.16 and \$5,087.76, respectively. The realization of this liability may be affected by conditions that could preclude an employee from receiving full payment of the accrual. The Township has not established a reserve to offset this liability.

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 7: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2013:

	Due From	Due To
<b>Current Fund:</b>		
Developer's Escrow Trust	0.33	
Recreation Trust Fund		1.00
Tax Sale Redemption	100.24	
Tax Sale Premium Fund		394.22
<b>Recreation Trust Fund:</b>		
Current Fund	1.00	
<b>Developer's Escrow Trust Fund:</b>		
Performance Bond Escrow		0.04
Current Fund		0.33
<b>Performance Bond Escrow:</b>		
Developer's Escrow Trust	0.04	
<b>Tax Sale Premium:</b>		
Current Fund	394.22	
<b>Tax Sale Redemption:</b>		
Current Fund		100.24
	495.83	495.83

The amounts due are the result of interest earned in but not transferred.

**NOTE 8: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2013:

	Balance Dec. 31, 2012	Additions	Deletions	Balance Dec. 31, 2013
Buildings	937,695.00	18,760.00		956,455.00
Land and Improvements	724,235.86			724,235.86
Infrastructure	4,736,766.89	196,418.34		4,933,185.23
Machinery and Equipment	2,561,838.12	17,958.13	5,500.00	2,574,296.25
	8,960,535.87	233,136.47	5,500.00	9,188,172.34

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9: ECONOMIC DEPENDENCY**

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

**NOTE 10: TAXES COLLECTED IN ADVANCE**

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

	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Prepaid Taxes - Cash Liability	112,596.79	81,953.50

**NOTE 11: SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. In Alloway's case, at December 31, 2013 and 2012, \$1,853,862.50 and \$1,822,200.00, respectively, would be the maximum amount permitted to be deferred under these regulations. The Township, in prior years, elected to defer school taxes and the accumulation of such deferrals amounts to \$540,000.00. There was no change in the amount of school taxes deferred during 2013.

Local School District Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Balance of Tax	1,908,783.45	1,827,118.45
Deferred	540,000.00	540,000.00
Tax Payable	1,368,783.45	1,287,118.45

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 12: LONG-TERM DEBT**

**Summary of Municipal Debt Service**

Long-term debt as of December 31, 2013, consisted of the following:

	Year 2013	Year 2012	Year 2011
Bonds, Notes and Loans Issued	5,025,083.36	5,365,929.99	5,702,856.71
Bonds and Notes Authorized But Not Issued			73,034.78
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	<u>5,025,083.36</u>	<u>5,365,929.99</u>	<u>5,775,891.49</u>

	Balance Dec. 31, 2012	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2013
<b>Issued:</b>				
<b>General:</b>				
Bond Anticipation Notes	467,750.00		165,000.00	302,750.00
DEP - Loan Payable	2,288,050.69		137,486.66	2,150,564.03
NJ EDA - Loan Payable	15,000.00		7,500.00	7,500.00
Net Debt Issued	<u>2,770,800.69</u>		<u>309,986.66</u>	<u>2,460,814.03</u>
<b>Sewer:</b>				
USDA Loan Payable	2,595,129.30		30,859.97	2,564,269.33
Sewer Debt Issued	<u>2,595,129.30</u>		<u>30,859.97</u>	<u>2,564,269.33</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>5,365,929.99</u>	<u>None</u>	<u>340,846.63</u>	<u>5,025,083.36</u>

\$2,684,468.94 Department of Environmental Protection Loan dated September 2009, payable in semi-annual installments through September 2028. Interest is paid at a rate of 2% per annum. The balance remaining at December 31, 2013, was \$2,150,564.03.

\$150,000.00 Economic Development Authority Loan dated August 19, 1994, payable in semi-annual installments through August 2014. Interest is paid at a rate of 1.5% per annum. The balance remaining at December 31, 2013, was \$7,500.00.

\$2,314,300.00 United States Department of Agriculture loan dated December 8, 2009, payable in semi-annual installments through December 8, 2049. Interest is paid at a rate of 4.25% per annum. The balance remaining at December 31, 2013, was \$2,217,330.24.

\$361,700.00 United States Department of Agriculture loan dated October 7, 2010, payable in semi-annual installments through October 7, 2050. Interest is paid at a rate of 3.25% per annum. The balance remaining at December 31, 2013, was \$346,939.09.

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

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

**GENERAL CAPITAL**

Year Ended December 31	Principal	Interest	Total
2014	147,750.14	42,426.02	190,176.16
2015	143,069.17	39,494.49	182,563.66
2016	145,944.86	36,618.80	182,563.66
2017	148,878.35	33,685.31	182,563.66
2018	151,870.80	30,692.86	182,563.66
2019-2023	806,388.87	106,429.43	912,818.30
2024-2027	614,161.84	24,810.98	638,972.82
Grand Total	<u>2,158,064.03</u>	<u>314,157.89</u>	<u>2,472,221.92</u>

**SEWER CAPITAL**

Year Ended December 31	Principal	Interest	Total
2014	32,120.96	104,323.04	136,444.00
2015	33,434.16	103,009.84	136,444.00
2016	34,801.76	101,642.24	136,444.00
2017	36,226.05	100,217.95	136,444.00
2018	37,709.36	98,734.64	136,444.00
2019-2022	213,041.96	469,178.04	682,220.00
2023-2027	260,532.64	421,687.36	682,220.00
2028-2032	318,757.25	363,462.75	682,220.00
2033-2037	390,166.76	292,053.24	682,220.00
2038-2042	477,775.93	204,444.07	682,220.00
2043-2047	585,293.68	96,926.32	682,220.00
2048-2050	144,408.82	4,760.42	149,169.24
Grand Total	<u>2,564,269.33</u>	<u>2,360,439.91</u>	<u>4,924,709.24</u>



**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 12: LONG-TERM DEBT (CONTINUED)**

**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 .855%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	2,366,000.00	2,366,000.00	
Sewer Capital Debt	2,564,269.33	2,564,269.33	
General Debt	2,460,814.05		2,460,814.05
	<u>7,391,083.38</u>	<u>4,930,269.33</u>	<u>2,460,814.05</u>

Net Debt \$2,460,814.05 divided by Equalized Valuation Basis per NJSA 40A:2-2, \$287,705,098.67 = .855%.

**BORROWING POWER UNDER NJSA 40: A:2-6 AS AMENDED**

3 1/2% of Equalized Valuation Basis (Municipal)	10,069,678.45
Net Debt	<u>2,460,814.05</u>
Remaining Borrowing Power	<u><u>7,608,864.40</u></u>

The foregoing information is in agreement with the Annual Debt Statement filed by the Township.

Calculation of "Self-Liquidating Purpose" Sewer Utility per NJSA 40:2-45

Cash Receipts from Fees, Rents, or Other Charges	364,944.47
Deductions:	
Operating and Maintenance Costs	189,550.00
Debt Service	<u>136,338.49</u>
	325,888.49
Excess in Revenue	<u><u>39,055.98</u></u>

**NOTE 13: NOTES PAYABLE**

The Township has outstanding at December 31, 2013, a General Capital bond anticipation note in the amount of \$302,750.00, payable to First Elmer Investment Corp. This note will mature on May 30, 2014, at an interest rate per annum of .81%. There is also a Special emergency note payable in the amount of \$38,000.00, payable to First National Bank of Elmer, at an interest rate of 1.13% which was paid off on January 10, 2014.

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 14: PENSION FUNDS**

**Description of Plans** - Substantially all eligible employees of the Township are covered by the Public Employees' Retirement System, (PERS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.64% to 6.78% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township's contributions to PERS for the years ending December 31, 2013, 2012, and 2011, were \$32,888.00, \$39,732.00 and \$37,335.00, respectively, equal to the required contributions for each year.

**Defined Contribution Retirement Program (DCRP)** - The Township established Defined Contribution Retirement Program by ordinance on August 20, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et. seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Township's contributions to DCRP for the years ending December 31, 2013, 2012 and 2011, were \$1,808.23, \$2,758.00 and \$1,641.00, respectively, equal to the required contributions for each year.

**NOTE 15: POST RETIREMENT BENEFITS**

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions." This statement is effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 15: POST RETIREMENT BENEFITS (CONTINUED)**

calendar year beginning January 1, 2009. This statement will require governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present “pay as you go” method. The Township does not provide for any post-retirement benefits to retirees.

**NOTE 16: RISK MANAGEMENT**

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Township maintains commercial insurance coverage for property, liability and surety bonds. The Township of Alloway is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have not been any claims in excess of coverage and no reduction in coverage during the year 2013.

**New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s Trust Fund for the current and previous two years:

Year	Township Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2013	None	None	142	30,739
2012	None	None	2,243	30,835
2011	None	None	7,204	33,000

**NOTE 17: LABOR CONTRACTS**

As of December 31, 2013, there are no collective bargaining units in the Township of Alloway.

**NOTE 18: CONTINGENCIES**

It is the Township of Alloway Counsel’s opinion there are cases of litigation and/or contingent liability that are pending against the Township of Alloway that could have an adverse effect on the financial position in the future. JIF has declined to defend the Township in one of the tort claims.

**TOWNSHIP OF ALLOWAY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 20: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2013 and February 21, 2014, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Township that would require disclosure.

## **SUPPLEMENTARY INFORMATION**

## **SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

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

### Independent Auditor's Report

Honorable Mayor and Members  
of the Township Committee  
Township of Alloway  
49 South Greenwich Street  
Alloway, New Jersey 08001

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 accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Township of Alloway, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township of Alloway's basic financial statements, and have issued our report thereon dated February 21, 2014, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

#### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township of Alloway's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Alloway'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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

PETRONI & ASSOCIATES LLC



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

February 21, 2014



TOWNSHIP OF ALLOWAY  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Community Affairs Municipal Alliance on Alcoholism & Drug Abuse	N/A	3,899.46	974.87	1,140.65	01/01/13	12/31/13	4,320.09	4,320.09
		3,899.46	974.86	2,625.99	01/01/12	12/31/12	1,185.35	4,581.49
Clean Communities	4900-765-042-4900-004-VCMC-6020	11,362.38		11,362.38	01/01/13	12/31/13		
		9,677.68			01/01/12	12/31/12		
		9,860.89			01/01/11	12/31/11		8,576.61
		9,851.09			01/01/06	12/31/06	6,995.09	9,851.09
		9,357.01			01/01/05	12/31/05	1,601.02	6,007.21
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	3,349.50		3,349.50	01/01/13	12/31/13		
		3,820.95			01/01/12	12/31/12	461.67	461.67
		7,017.39			01/01/11	12/31/11	2,699.81	7,017.39
SCUA Recycling Grant	N/A	9,000.00			01/01/02	completed	128.25	6,722.50
Department of Transportation NJ DOT	6320-480-078-6320-AK0-TCAP-6010	300,000.00		258,486.29	01/01/12	12/31/12	120,712.37	258,486.29
	6320-480-078-6320-Z50-TCAP-6010	35,900.00			01/01/11	12/31/11		28,873.61
				<u>276,964.81</u>			<u>138,103.65</u>	<u>334,897.95</u>

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

## **CURRENT FUND**

## SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Federal and State Grants
Balance December 31, 2012	A	2,325,292.90	
Increased by Receipts:			
Taxes Receivable	A-9	1,570,630.66	
Tax Collector	A-5	5,133,139.90	
Grants Receivable	A-8		276,964.81
Revenue Accounts Receivable	A-12	638,424.20	
Reserve for Unappropriated Revenue			
Power of One		71.79	
Petty Cash		50.00	
Due State of New Jersey:			
Marriage Licenses		350.00	
Construction DCA Fees		1,794.00	
Due Payroll Agency Trust		178.40	
Due from Performance Bond Escrow Trust		22.55	
Due from Recreation Trust		1.00	
Due from Federal and State Grant Fund	A-4	108,905.71	
Due State of New Jersey - Homestead Rebate	A-9	160,036.81	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-16	48,250.00	
Total Receipts		7,661,855.02	276,964.81
		9,987,147.92	276,964.81
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	1,254,666.35	
Appropriation Reserves	A-13	23,792.10	
Encumbrances Payable	A-14	11,299.99	
Reserve for Grants - Appropriated	A-15		137,803.65
Special Emergency Notes Payable	A-7	38,000.00	
Accounts Payable		2,709.56	
Tax Overpayments Refunded		2,085.02	
Prior Year Refund	A-1	618.99	
Petty Cash		50.00	
Due State of New Jersey:			
Marriage Licenses		275.00	
Construction DCA Fees		1,970.00	
Due Municipal Open Space Trust		137.04	
Due Federal and State Grant Fund	A-4		108,905.71
County Added - Omitted Taxes		12,901.58	
County Taxes	A-9	2,665,544.77	
County Open Space Tax	A-9	56,625.87	
Municipal Open Space Tax	B-1	14,275.00	
Local District School Tax	A-17	3,726,060.00	
		7,811,011.27	246,709.36
Balance December 31, 2013	A	2,176,136.65	30,255.45

## SCHEDULE OF CURRENT FUND CASH - COLLECTOR

	Ref.		
Increased by Receipts:			
Taxes Receivable	A-9	5,198,323.52	
Tax Title Liens	A-10	21,750.07	
Revenue Accounts Receivable	A-12	83,908.43	
Prepaid Taxes		112,596.79	
Tax Overpayments		64,182.91	
Due Sewer Operating Fund		3,446.75	
		<hr/>	5,484,208.47
			<hr/>
			5,484,208.47
Decreased by Disbursements:			
Paid to Treasurer	A-4	5,133,139.90	
Due Sewer Operating Fund		3,446.75	
		<hr/>	5,136,586.65
			<hr/>
Balance December 31, 2013	A		<u><u>347,621.82</u></u>

SCHEDULE OF DEFERRED CHARGES  
NJSA 40A:4-55 SPECIAL EMERGENCY - REVALUATION PROGRAM

<u>Purpose</u>	<u>Date Authorized</u>	<u>Net Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance Dec. 31, 2012</u>	<u>Reduced</u>
Revaluation Program	11/20/2008	190,000.00	38,000.00	38,000.00	38,000.00
	Ref.			A	A-3

SCHEDULE OF SPECIAL EMERGENCY NOTES

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Reduced</u>	<u>Balance Dec. 31, 2013</u>
Revaluation Program	01/10/14	1.13%	76,000.00	38,000.00	38,000.00
			Ref.	A	A-4
					A

## SCHEDULE OF GRANTS RECEIVABLE

<b>Grant</b>	Balance Dec. 31, 2012	Budget Revenue Realized	Received	Canceled	Balance Dec. 31, 2013
NJ DOT	307,026.79		258,486.29		48,540.50
Clean Communities		11,362.38	11,362.38		
Municipal Alliance	2,918.82	3,899.46	3,766.64	292.83	2,758.81
Recycling Tonnage		3,349.50	3,349.50		
NJ Environmental Protection	2,500.00				2,500.00
	<u>312,445.61</u>	<u>18,611.34</u>	<u>276,964.81</u>	<u>292.83</u>	<u>53,799.31</u>
Ref.	A	A-2	A-4	A-1	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2012			2012	2013				Dec. 31, 2013
2009	3.37				3.37				
2010	2.97				2.47				0.50
2011	685.54		1,364.90		2,039.72			10.72	
2012	414,581.55		4,880.24		408,789.35		12.87	10,402.96	256.61
	415,273.43		6,245.14		410,834.91		12.87	10,413.68	257.11
2013		7,082,966.54		81,953.50	6,569,406.08	15,773.20	105,335.28	24,165.31	286,333.17
	415,273.43	7,082,966.54	6,245.14	81,953.50	6,980,240.99	15,773.20	105,348.15	34,578.99	286,590.28
Ref.	A			A				A-10	A
				Ref.					
				Cash - Collector	A-5	5,198,323.52			
				Cash - CFO	A-4	1,570,630.66			
				Due State of New Jersey - Homestead Rebate	A-4	160,036.81			
				Due State of New Jersey - Senior Citizen & Vets	A-16	51,250.00			
						6,980,240.99			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

**Tax Yield**

General Purpose Tax:			
Business Personalty Tax		14,111.98	
General Property Tax		7,063,557.12	
		<u>7,077,669.10</u>	
Added and Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)		5,297.44	
		<u>7,082,966.54</u>	

**Tax Levied**

	Ref.		
Local District School Tax (Abstract)	A-17		3,807,725.00
County Taxes:			
County Tax (Abstract)	A-1	2,665,544.77	
County Open Space Tax (Abstract)	A-1	56,625.87	
Due County for Added and Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)	A-1	3,129.18	
		<u>2,725,299.82</u>	
Total County Taxes			2,725,299.82
Local Tax for Municipal Purposes	A-2	532,462.00	
Municipal Open Space	A-1	14,275.00	
Add: Additional Taxes Levied		3,204.72	
		<u>549,941.72</u>	
			<u>7,082,966.54</u>

EXHIBIT A-10

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2012	Ref. A		55,467.45
Increased by:			
Transfers from Taxes Receivable	A-9		34,578.99
Interest and Costs on Tax Sale			2,036.91
			<u>36,615.90</u>
Decreased by:			
Cash Receipts	A-5		21,750.07
Balance December 31, 2013	A		<u>70,333.28</u>

EXHIBIT A-11

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

Balance December 31, 2012	Ref. A		187,500.00
Balance December 31, 2013	A		<u>187,500.00</u>



## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Accrued	Collected by	
		Treasurer	Collector
<b>Miscellaneous Revenue Anticipated</b>			
Licenses:			
Alcoholic Beverages	1,186.80	1,186.80	
Fines and Costs:			
Municipal Court	6,761.84	6,761.84	
Interest and Costs on Taxes	82,751.40		82,751.40
Interest on Investments	4,150.32	3,267.29	883.03
Salem County Utilities Authority - Host			
Community Benefits	224,016.47	224,016.47	
Energy Receipts Tax	327,413.00	327,413.00	
Watershed Moratorium Aid	188.00	188.00	
Uniform Construction Code	20,985.20	20,985.20	
Uniform Fire Safety Act	4,633.83	4,633.83	
JIF Safety Incentive	222.30	222.30	
JIF Safety Reimbursement	1,755.00	1,755.00	
<b>Miscellaneous Revenue Not Anticipated</b>			
Cable Television Franchise Fee	8,761.57	8,761.57	
Refunds	3,184.59	3,184.59	
Recycling Fees	12,834.28	12,834.28	
Various Fees and Permits	8,086.14	7,812.14	274.00
Convenience Center Stickers and Fees	1,524.00	1,524.00	
Miscellaneous	2,812.96	2,812.96	
Senior Citizen & Veterans Admin. Fee	985.00	985.00	
Use of Building	4,625.00	4,625.00	
Sale of Assets	475.70	475.70	
FEMA Reimbursements	4,979.23	4,979.23	
	<u>722,332.63</u>	<u>638,424.20</u>	<u>83,908.43</u>
Ref.		A-4	A-5

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses:				
Mayor & Council	959.00	959.00	65.00	894.00
Municipal Clerk	14,316.33	14,316.33	14.55	14,301.78
Financial Administration	2,221.95	2,221.95	454.03	1,767.92
Tax Collection	1,067.78	1,067.78	385.24	682.54
Tax Assessment	14,274.17	14,274.17	382.44	13,891.73
Legal Services	7,526.05	7,526.05	2,453.90	5,072.15
Planning Board	7,111.89	7,111.89	307.65	6,804.24
Housing and Zoning	143.41	143.41	6.65	136.76
Public Buildings & Grounds	25,744.29	25,744.29	4,157.51	21,586.78
Road Repair and Maintenance	2,872.71	2,872.71	352.56	2,520.15
Safety Equipment	4,674.15	4,674.15	80.00	4,594.15
Recycling	4,080.00	4,080.00	2,430.00	1,650.00
Trash Removal	11,607.28	11,607.28	624.00	10,983.28
Salem County Utility Authority - Tipping Fees	8,861.33	8,861.33	4,281.43	4,579.90
Street Lighting	2,084.41	2,084.41	2,023.39	61.02
Telephone	1,646.52	1,646.52	1,004.65	641.87
Electricity	15,783.00	15,783.00	3,582.97	12,200.03
Construction Code Official	491.97	491.97	81.57	410.40
Interlocal Agreement - Joint Court	3,209.35	3,209.35	1,104.56	2,104.79
Other Accounts No Change	80,129.21	80,129.21		80,129.21
	<u>208,804.80</u>	<u>208,804.80</u>	<u>23,792.10</u>	<u>185,012.70</u>
Ref.	A		A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2012	A	11,969.99	
Increased by:			
Charges to Budget Appropriations	A-3	18,667.93	
Reserve for Grants	A-15		300.00
		<u>30,637.92</u>	<u>300.00</u>
Decreased by:			
Payments	A-4	11,299.99	
Canceled	A-1	670.00	
Balance December 31, 2013	A	<u><u>18,667.93</u></u>	<u><u>300.00</u></u>

## SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2012	Budget Appropriation	Paid	Canceled	Encumbrance	Balance Dec. 31, 2013
<b>State Grants:</b>						
Clean Communities Act	22,907.87	11,362.38	8,596.11			25,674.14
NJ DOT	169,252.47		120,712.37			48,540.10
SCUA Recycling Grant	2,405.75		128.25			2,277.50
Recycling Tonnage	6,520.76	3,349.50	3,161.48			6,708.78
Municipal Alliance	1,478.18	4,874.33	5,205.44	292.83	300.00	554.24
	<u>202,565.03</u>	<u>19,586.21</u>	<u>137,803.65</u>	<u>292.83</u>	<u>300.00</u>	<u>83,754.76</u>
Ref.	A	A-3	A-4	A-1	A-14	A

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

	Ref.		
Balance December 31, 2012	A		(1,750.00)
Increased by:			
Receipts	A-4		48,250.00
			<u>46,500.00</u>
Decreased by:			
Deductions Per Tax Duplicate		50,000.00	
Deductions Allowed by Collector		3,500.00	
Deductions Disallowed by Collector		<u>(2,250.00)</u>	
	A-9	51,250.00	
Prior Year Deductions Disallowed by Collector	A-1	<u>(3,500.00)</u>	
			<u>47,750.00</u>
Balance December 31, 2013	A		<u><u>(1,250.00)</u></u>

EXHIBIT A-17

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	Ref.		
Balance December 31, 2012			
School Tax Payable	A	1,287,118.45	
School Tax Deferred		<u>540,000.00</u>	
			1,827,118.45
Increased by:			
Levy - School Year July 1, 2012 to June 30, 2013	A-9		3,807,725.00
			<u>5,634,843.45</u>
Decreased by:			
Payments	A-4		<u>3,726,060.00</u>
Balance December 31, 2013			
School Tax Payable	A	1,368,783.45	
School Tax Deferred		<u>540,000.00</u>	
			<u><u>1,908,783.45</u></u>
Tax Liability for Local District School Tax:			
Tax Paid	A-17		3,726,060.00
Tax Payable December 31, 2013	A-17		<u>1,368,783.45</u>
			5,094,843.45
Less: Tax Payable December 31, 2012	A-17		<u>1,287,118.45</u>
Amount Charged to Current Year Operations	A-1		<u><u>3,807,725.00</u></u>

## TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust Fund	Donations Veteran's Memorial	Developer's Escrow Trust Fund	Payroll Agency Trust	Performance Bond Escrow	Recreation Trust	Snow Removal Trust	Open Space Trust Fund	Unemployment Compensation Fund
Balance December 31, 2012	B	22,123.74	6,693.82	16,517.23	1,204.49	9,034.18	9,942.30	12,841.72	180,527.47	30,834.66
Increased by Receipts:										
Interest Earned		42.63	8.45	26.90	7.62	6.27	17.84	19.28	186.04	46.29
Dog License Fees:										
Municipal Share	B-3	15,916.20								
State Share		1,960.80								
Donations			365.50							
Developer's Escrow Fees				8,390.33						
Deposits for Payroll Taxes					155,922.73					
Recreation Trust Fees							7,044.80			
Reimbursement									9,955.50	
Due from Current Fund									137.04	
Open Space Tax	A-4								14,275.00	
Total Receipts		17,919.63	373.95	8,417.23	155,930.35	6.27	7,062.64	19.28	24,553.58	46.29
		40,043.37	7,067.77	24,934.46	157,134.84	9,040.45	17,004.94	12,861.00	205,081.05	30,880.95
Decreased by Disbursements:										
Expenditures Under RS 4:19-15.11	B-3	13,015.33								
Due State of NJ Department of Health		1,974.60								
Donations			2,086.24							
Developer's Escrow Fees				3,926.39		6,420.00				
Payroll Taxes					154,822.18					
Recreation Trust Fees							1,725.18			
Snow Removal								975.60		
Open Space									101,078.81	
Unemployment Compensation										142.27
Encumbrances Payable		289.00	100.00	4,055.66			1,810.00		10,495.00	
Transfer to Current		42.63	8.45	26.90	186.02	28.49	17.84	19.28		
		15,321.56	2,194.69	8,008.95	155,008.20	6,448.49	3,553.02	994.88	111,573.81	142.27
Balance December 31, 2013	B	24,721.81	4,873.08	16,925.51	2,126.64	2,591.96	13,451.92	11,866.12	93,507.24	30,738.68

EXHIBIT B-2

SCHEDULE OF TRUST FUND CASH - COLLECTOR

	Ref.	Tax Sale Premium	Tax Sale Redemption
Balance December 31, 2012	B	2,600.00	87.84
Increased by:			
Interest Earned		5.78	12.40
Deposits for:			
Redemption of Tax Sale Certificates			66,480.82
Tax Sale Premiums		38,800.00	
		38,805.78	66,493.22
Decreased by:			
Redemption of Tax Sale Certificates			66,480.82
Tax Sale Premiums		400.00	
		400.00	66,480.82
Balance December 31, 2013	B	41,005.78	100.24

EXHIBIT B-3

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.	
Balance December 31, 2012	B	21,820.94
Increased by:		
Municipal Share of Dog License Fees	B-1	15,916.20
		37,737.14
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	13,015.33
Balance December 31, 2013	B	24,721.81

**License Fees Collected**

	Amount
2011	17,554.00
2012	18,589.80
	36,143.80



## **GENERAL CAPITAL FUND**

## SCHEDULE OF FUND BALANCE - GENERAL CAPITAL FUND

Balance December 31, 2012	Ref. C	131,797.78
Balance December 31, 2013	C	<u>131,797.78</u>

## SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2012	Ref. C	266,561.61
Increased by:		
Interest Earned	C-3	405.54
Budget Appropriations:		
Capital Improvement Fund	C-5	10,000.00
Reserve for Purchase of:		
Ambulance	C-3	20,000.00
Lawnmower	C-3	10,000.00
		<u>40,405.54</u>
		306,967.15
Decreased by:		
Improvement Authorizations	C-6	35,044.37
Encumbrances Payable	C-3	17,465.09
Due Current Fund	C-3	405.54
		<u>52,915.00</u>
Balance December 31, 2013	C	<u>254,052.15</u>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	131,797.78							131,797.78
Grant Receivable - NJ Transportation Trust Reserve for:	(31,390.77)							(31,390.77)
Purchase of an Ambulance	15,000.00	20,000.00						35,000.00
Alloway Lake Dam	12,665.56							12,665.56
Purchase of a Generator	10,000.00							10,000.00
Municipal Building Drainage Project	20,000.00							20,000.00
Purchase of a Lawnmower		10,000.00				10,000.00		
Capital Improvement Fund	18,542.59	10,000.00				25,000.00	15,000.00	18,542.59
Encumbrances Payable	17,465.09				17,465.09			
Due Current Fund			405.54		405.54			
<b>Improvement Authorizations:</b>								
Ordinance Number								
450 Cobbs Mill Road Section III	24,777.13							24,777.13
463 Improvements to Municipal Roads, Removal and Installation of Boiler and Oil Tanks at Fire House	47,704.23			25,385.42		15,000.00		7,318.81
469 Improvements to Municipal Roads, Purchase of a Zero Turn Mower				9,658.95			35,000.00	25,341.05
	<u>266,561.61</u>	<u>40,000.00</u>	<u>405.54</u>	<u>35,044.37</u>	<u>17,870.63</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>254,052.15</u>
Ref.	C-2	C-2:C-4	C-2	C-6	C-2			C

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	Notes Paid by Budget Appropriation	Balance Dec. 31, 2013	Analysis of Balance
					Dec. 31, 2013
					Financed By Bond Anticipation Notes
376	Purchase of Land	30,000.00	30,000.00		
404	Purchase of Tractor Loader	25,000.00	25,000.00		
417	Purchase of Fire Truck	412,750.00	110,000.00	302,750.00	302,750.00
		<u>467,750.00</u>	<u>165,000.00</u>	<u>302,750.00</u>	<u>302,750.00</u>
	Ref.	C	C-7	C	C-7

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2012	C	18,542.59
Increased by:		
Budget Appropriation	C-2	10,000.00
Improvement Authorizations - Canceled	C-6	15,000.00
		<u>43,542.59</u>
Decreased by:		
Improvement Authorizations	C-6	25,000.00
Balance December 31, 2013	C	<u><u>18,542.59</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2012 Funded	Authorizations		Paid or Charged	Canceled	Balance Dec. 31, 2013 Funded
		Date	Amount		Capital Improvement Fund	Reserve for Purchase of a Lawnmower			
450	Cobbs Mill Road Section III	09/16/10	363,000.00	24,777.13					24,777.13
463	Improvements to Municipal Roads, Removal and Installation of Boiler and Oil Tanks at Fire House	06/12/12	145,000.00	47,704.23			25,385.42	15,000.00	7,318.81
469	Improvements to Municipal Roads, Purchase of a Zero Turn Mower	06/20/13	35,000.00		25,000.00	10,000.00	9,658.95		25,341.05
				<u>72,481.36</u>	<u>25,000.00</u>	<u>10,000.00</u>	<u>35,044.37</u>	<u>15,000.00</u>	<u>57,436.99</u>
			Ref.	C	C-5	C-2	C-2	C-1	C

## SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
376	Purchase of Land	6/17/05	6/4/11	6/3/13	1.01%	30,000.00	30,000.00	
404	Purchase of Tractor Loader	6/15/07	6/4/11	6/3/13	1.01%	25,000.00	25,000.00	
417	Purchase of Fire Truck	8/11/08	5/31/13	5/30/14	0.81%	412,750.00	110,000.00	302,750.00
						<u>467,750.00</u>	<u>165,000.00</u>	<u>302,750.00</u>
					Ref.	C	C-4	C

## SCHEDULE OF LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
Renovations to Alloway School	8/19/1994	150,000.00	1.50%	15,000.00	7,500.00	7,500.00
Alloway Lake Dam	12/8/2009	2,684,468.94	2.00%	2,288,050.69	137,486.66	2,150,564.03
				<u>2,303,050.69</u>	<u>144,986.66</u>	<u>2,158,064.03</u>
			Ref.	C		C



**SEWER UTILITY FUND**

## SCHEDULE OF SEWER UTILITY CASH

	Ref.	<u>Operating</u>	<u>Capital</u>	<u>Collector</u>
Balance December 31, 2012	D	<u>200,488.05</u>	<u>58,273.54</u>	
Increased by:				
Miscellaneous Revenue	D-3	682.18	78.30	4,889.03
Transfer from Sewer Collector	D-5	209,359.04		
Transfer from Sewer Capital Fund	D-5	77.89		
Grants Receivable	D-9		63,420.88	
Consumer Accounts Receivable	D-10	38,026.08		266,408.56
Capital Improvement Fund	D-11		5,000.00	
Sewer Overpayments				544.69
		<u>248,145.19</u>	<u>68,499.18</u>	<u>271,842.28</u>
		<u>448,633.24</u>	<u>126,772.72</u>	<u>271,842.28</u>
Decreased by:				
Current Year Budget Appropriations	D-4	176,087.55		
Appropriation Reserves	D-12	7,884.32		
Encumbrances Payable	D-13	33.29	42,344.81	
Accrued Interest on Bonds		105,584.03		
Transfer to Sewer Operating	D-5		77.89	209,359.04
		<u>289,589.19</u>	<u>42,422.70</u>	<u>209,359.04</u>
Balance December 31, 2013	D	<u><u>159,044.05</u></u>	<u><u>84,350.02</u></u>	<u><u>62,483.24</u></u>

ANALYSIS OF SEWER UTILITY CAPITAL CASH

	Balance Dec. 31, 2012	Receipts		Disbursements Miscellaneous	Transfers	Balance Dec. 31, 2013
		Miscellaneous	Budget Appropriation			
Fund Balance	20,773.35					20,773.35
Due Sewer Operating Fund		78.30		77.89		0.41
Capital Improvement Fund			5,000.00			5,000.00
Encumbrances Payable	43,203.70			42,344.81	(858.89)	
RDA Grant Receivable	(63,420.88)	63,420.88				
Ordinance Number	Purpose					
325/378/408	Construction of a Sanitary Sewer	57,717.37			858.89	58,576.26
		58,273.54	63,499.18	5,000.00	42,422.70	84,350.02
Ref.		D	D-5	D-11	D-5	D

EXHIBIT D-7

SCHEDULE OF FIXED CAPITAL

		Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2013</u>
Sanitary Sewer Station and Accessories		6,907,068.60	6,907,068.60
	Ref.	D	D

EXHIBIT D-8

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED - SEWER

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2013</u>
325/378/408	Construction of a Sanitary Sewer	104,631.40	104,631.40
	Ref.	D	D

EXHIBIT D-9

SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>		Balance <u>Dec. 31, 2012</u>	<u>Receipts</u>
Rural Development Grant		63,420.88	63,420.88
	Ref.	D	D-5

EXHIBIT D-10

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2012	Ref. D	53,679.96
Increased by: Billings		308,985.45
		<u>362,665.41</u>
Decreased by: Collections	D-5	304,434.64
Balance December 31, 2013	D	<u><u>58,230.77</u></u>

EXHIBIT D-11

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Increased by:	Ref.	
Budget Appropriation	D-5	5,000.00
Balance December 31, 2013	D	<u><u>5,000.00</u></u>

## SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2012	Paid or Charged	Lapsed
Salary & Wages	4,943.32		4,943.32
Other Expenses	66,973.45	7,884.32	59,089.13
Social Security	3.10		3.10
State Disability Insurance	31.43		31.43
	<u>71,951.30</u>	<u>7,884.32</u>	<u>64,066.98</u>
Ref.	D	D-5	D-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2012	D	33.29	43,203.70
Add: Charges to Budget Appropriations	D-4	1,442.52	
		1,475.81	43,203.70
Decreased by:			
Payments	D-5	33.29	42,344.81
Canceled to Improvement Authorizations	D-14		858.89
Balance December 31, 2013	D	<u>1,442.52</u>	

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2012 Funded	Encumbrance Canceled	Balance Dec. 31, 2013 Funded
		Date	Amount			
325/378/408	Construction of a Sanitary Sewer	06/10/99	7,500,000.00	57,717.37	858.89	58,576.26
				Ref. D	D-13	D

SCHEDULE OF LOAN PAYABLE

Ordinance Number	Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
325/378/408	Construction of a Sanitary Sewer	12/8/2009	1,219,300.00	4.25%	1,181,801.50	13,588.30	1,168,213.20
325/378/408	Construction of a Sanitary Sewer	10/7/2010	361,700.00	3.25%	352,006.61	5,067.52	346,939.09
					2,595,129.30	30,859.97	2,564,269.33
					Ref. D		D

**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2013**



## **GENERAL COMMENTS**

### **Contracts and Agreements Required to be Advertised for NJSA 40A:11-4**

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

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

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

The minutes indicate that bids were requested by public advertisement for the following items:

Realignment of Camp Edge Road  
Solid Waste and Recyclables

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

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

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

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

The governing body on January 3, 2013, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Township Committee of the Township of Alloway, County of Salem and State of New Jersey, that the rate of interest to be collected by the Collector of Taxes of the Township of Alloway on all delinquent taxes and/or assessments shall be at the rate of (8%) per annum up to Fifteen Hundred Dollars (\$1,500.00) delinquency and Eighteen per centum (18%) per annum over Fifteen Hundred Dollars (\$1,500.00) delinquency, to be computed from the date that said taxes and/or assessments are due to the date of payment.

BE IT FURTHER RESOLVED that no interest shall be charged if payments of any installment is made within the tenth calendar day following the date upon which the same became payable.

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 13, 2013, and was complete, except for bankruptcies from prior years not sold.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years.

<u>Year</u>	<u>Number of Liens</u>
2013	36
2012	30
2011	18

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

**Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charges was made in accordance with the regulations of the Division of Local Government Services. Notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

**PROPERTY TAX INFORMATION**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate:	2.479	2.430	2.403
Apportionment of Tax Rate:			
Municipal	0.186	0.181	0.190
County	0.934	0.938	0.939
County Open Space	0.020	0.021	0.022
Local School	1.334	1.280	1.250
Municipal Open Space	0.005	0.010	0.002
Assessed Valuation	285,504,961	284,851,329	286,956,013

**COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collections could be an indication of probable increase in future tax levies.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Levy	7,082,966.54	6,947,788.34	6,912,293.66
Cash Collections	6,667,132.78	6,506,764.02	6,617,640.38
Percentage of Collections	94.13%	93.65%	95.74%

## DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Amount of Tax Title Liens	70,333.28	55,467.45	33,348.77
Delinquent Taxes	286,590.28	415,273.43	254,976.24
Total Delinquent	356,923.56	470,740.88	288,325.01
Percentage of Tax Levy	5.04%	6.78%	4.17%

## PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Property Acquired for Taxes (Assessed Valuation)	187,500.00	187,500.00	187,500.00

## SEWER RENTS

An Ordinance regulating sewer connection and rate charges was adopted August 20, 2009. Alloway Township's sewer bills shall be due and payable on March 1, June 1, September 1, and December 1, of each and every year and the first bill shall be prorated to reflect the date in which the property is connected to the sewer system. Interest will be charged on any overdue balance and delinquent unpaid sewer bills shall become a lien upon the property served until paid. The rate in effect for 2013 is \$875.00 per EDU.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Delinquent Rents January 1	53,679.96	31,450.16	36,521.84
Billed	308,985.45	305,392.25	303,283.99
Collected	304,434.64	283,162.45	308,355.67
Percentage of Collections	83.94%	84.06%	90.74%

**OTHER COMMENTS**

**Chief Financial Officer/Treasurer**

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

**Corrective Action Plan**

A corrective action plan was not required for the year 2012.

**STATUS OF PRIOR RECOMMENDATIONS**

None

**RECOMMENDATIONS**

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.

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



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

February 21, 2014