TOWNSHIP OF LOWER ALLOWAYS CREEK
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

THIS PAGE INTENTIONALLY LEFT BLANK

INDEX

THIS PAGE INTENTIONALLY LEFT BLANK

INDEX
(CONTINUED)

THIS PAGE INTENTIONALLY LEFT BLANK

PART I

INDEPENDENT AUDITOR'S REPORT

THIS PAGE INTENTIONALLY LEFT BLANK

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Lower Alloways Creek, as of December 31, 2014 and 2013, 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, 2014, and the related notes to the financial statements, which collectively comprise the Township of Lower Alloways Creek's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Lower Alloways Creek as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 12 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of $70,688.69 and $61,108.88 for 2014 and 2013, respectively, were not audited and therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2014 and 2013, 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, 2014, 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.

THIS PAGE INTENTIONALLY LEFT BLANK

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lower Alloways Creek's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 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 New Jersey OMB Circular 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 New Jersey OMB Circular 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 April 22, 2015, on our consideration of the Township of Lower Alloways Creek's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lower Alloways Creek's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC

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

April 22, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

CURRENT FUND

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Regular Fund			
Cash - Treasurer	A-4	$ 491,002.55	$ 635,478.24
Cash - Collector			84,883.86
Cash - Change Fund	A-6	350.00	350.00
Investments - Treasurer	A-7	3,000,000.00	3,000,000.00
		3,491,352.55	3,720,712.10
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	17,712.16	51,391.77
Tax Title Liens Receivable	A-9	4,906.11	3,062.85
Property Acquired in Lieu of Taxes	A-10	103,430.00	187,930.00
Sewer Rents and Connection Fees Receivable	A-11	46,510.71	56,103.13
Sewer Liens Receivable			602.67
Due from Animal Control Trust Fund	B	502.56	2,155.88
Due from Trust Other			69.62
Revenue Accounts Receivable	A-13	901.26	1,660.34
		173,962.80	302,976.26
		3,665,315.35	4,023,688.36
Federal and State Grant Fund			
Cash - Treasurer	A-4	573,933.28	510,874.32
Federal and State Grants Receivable	A-17	27,235.52	26,368.69
		601,168.80	537,243.01
		$ 4,266,484.15	$ 4,560,931.37

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

EXHIBIT A
(Continued)

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
LIABILITIES, RESERVES, AND FUND BALANCE			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-15	$ 386,360.54	$ 653,812.04
Encumbrances Payable	A-16	1,898,707.09	1,949,042.58
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	13,286.79	13,035.85
Prepaid Taxes	A-5	46,837.10	45,121.97
Sewer Overpayments			860.55
Due State of New Jersey - DCA Fees		422.00	678.00
Payroll Taxes Payable		14,711.89	18,765.51
Due to Trust Other	B	182.82	
		2,360,508.23	2,681,316.50
Reserve for Receivables		173,962.80	302,976.26
Fund Balance	A-1	1,130,844.32	1,039,395.60
		3,665,315.35	4,023,688.36
Federal and State Grant Fund			
Encumbrances Payable	A-20	3,466.00	8,660.81
Reserve for Grants - Appropriated	A-18	458,004.57	384,211.12
Reserve for Grants - Unappropriated	A-19	139,698.23	144,371.08
		601,168.80	537,243.01
		$ 4,266,484.15	$ 4,560,931.37

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

EXHIBIT A-1

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

	Ref.	Year 2014	Year 2013
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	$ 975,856.34	$ 1,386,270.56
Miscellaneous Revenue Anticipated	A-2	8,569,495.23	8,531,272.51
Receipts from Delinquent Taxes	A-2	53,819.90	67,149.50
Receipts from Current Taxes	A-2	2,904,022.13	2,508,862.98
Non-Budget Revenue	A-2	309,259.66	239,236.67
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	606,504.14	584,429.01
Encumbrances Payable - Canceled	A-16	39,464.73	17,806.67
Interfund Loan Returned		94,797.75	47,361.72
Total Income		13,553,219.88	13,382,389.62
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	2,368,300.00	2,342,825.00
Other Expenses	A-3	3,096,776.30	3,241,582.00
Deferred Charges and Statutory Expenditures	A-3	512,975.00	584,405.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	165,566.92	175,957.45
Deferred Charges	A-3	3,292,016.00	3,292,016.00
County Taxes	A-8	2,919,524.71	2,555,532.98
Due County for Added Taxes	A-8	5,802.72	9,139.29
Prior Year Deductions Disallowed			500.00
Interfund Loan Advanced		124,953.17	346,089.26
Total Expenditures		12,485,914.82	12,548,046.98
Excess in Revenue		1,067,305.06	834,342.64
Fund Balance			
Balance January 1	A	1,039,395.60	1,591,323.52
		2,106,700.66	2,425,666.16
Decreased by:			
Utilization as Anticipated Revenue	A-1	975,856.34	1,386,270.56
Balance December 31	A	$ 1,130,844.32	$ 1,039,395.60

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget 2014	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 975,856.34	$ 975,856.34	
Miscellaneous Revenues:				
Fines and Costs:				
Municipal Court	A-13	19,000.00	19,282.39	$ 282.39
Interest and Costs on Taxes	A-13	10,000.00	8,909.90	(1,090.10)
Interest on Investments and Deposits	A-13	2,650,000.00	2,673,673.66	23,673.66
Police Agreement	A-13	92,250.00	92,250.00	
Trash Agreement	A-13	161,600.00	168,855.13	7,255.13
Leisure Arms Rentals	A-13	160,000.00	156,863.44	(3,136.56)
Sewer Rents	A-13	144,000.00	185,713.77	41,713.77
Fire Inspections		3,700.00		(3,700.00)
Fuel Reimbursements	A-13	34,000.00	29,654.19	(4,345.81)
Energy Receipts Tax	A-13	4,964,520.00	5,000,361.00	35,841.00
Reserve for Garden State Trust Preservation	A-13	35,841.00	35,841.00	
Uniform Construction Code Fees	A-13	20,000.00	25,350.00	5,350.00
Senior Citizen Lunch Program	A-13	24,000.00	26,613.00	2,613.00
Recycling Tonnage Grant	A-17	9,409.34	9,409.34	
Clean Communities	A-17	7,817.65	7,817.65	
Municipal Alliance on Alcoholism and Drug Abuse	A-17	1,756.67	1,756.67	
Drunk Driving Enforcement Fund	A-17	6,280.91	6,280.91	
Municipal Alcohol and Rehabilitation	A-17	52.77	52.77	
Senior Citizen and Disabled Resident Transportation Grant	A-17	119,054.59	119,054.59	
Body Armor Replacement Grant	A-17	1,755.82	1,755.82	
Total Miscellaneous Revenues		8,465,038.75	8,569,495.23	104,456.48
Receipts from Delinquent Taxes	A-2	50,000.00	53,819.90	3,819.90
Budget Totals		9,490,895.09	9,599,171.47	108,276.38
Non-Budget Revenues:				
From "Allocation of Current Tax Collections"	A-2		33,955.57	
Other Non-Budget Revenue	A-2		309,259.66	
		$ 9,490,895.09	$ 9,942,386.70	
	Ref.	A-3		

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

EXHIBIT A-2
(Continued)

STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized Revenue

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-8	$ 2,904,022.13
Allocated to:		
County Taxes	A-8	2,925,327.43
Deficiency Supported by Municipal Revenue		(21,305.30)
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	55,260.87
Amount Added to Non-Budget Revenue	A-2	$ 33,955.57
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-8	$ 52,836.81
Tax Title Liens	A-9	983.09
	A-2	$ 53,819.90

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Refunds	A-13	$ 214,658.40
Interest on Sewer Rents	A-13	6,125.00
Clerk Licenses	A-13	158.54
Police Department Fees	A-13	469.30
Planning & Zoning Fees	A-13	1,730.00
Recycling	A-13	13,007.60
Historical Books	A-13	60.00
Mobile Home Fees	A-13	2,400.00
Court Agreement	A-13	3,541.17
Computer Server Agreement	A-13	467.13
Sale of Municipal Assets	A-13	15,340.43
Stickers	A-13	1,724.00
Cable Franchise Fee	A-13	3,978.77
Miscellaneous	A-13	35,589.32
Sale of Property Acquired for Taxes	A-10	10,010.00
	A-2	$ 309,259.66

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Purchasing Department					
Salaries & Wages	$ 37,000.00	$ 37,000.00	$ 36,812.90		$ 187.10
Postage	5,000.00	4,000.00	4,000.00		
Other Expenses	3,750.00	3,750.00	2,851.43	$ 100.00	798.57
Mayor and Township Committee					
Salaries & Wages	40,000.00	40,000.00	38,905.00		1,095.00
Other Expenses	1,400.00	1,400.00	1,336.00		64.00
Township Clerk					
Salaries & Wages	73,000.00	73,000.00	72,631.20		368.80
Printing and Legal Advertising	2,500.00	2,500.00	1,944.32	60.90	494.78
Other Expenses	31,000.00	26,000.00	9,347.84	6,177.48	10,474.68
Financial Administration					
Salaries & Wages	37,000.00	37,000.00	36,812.90		187.10
Other Expenses	61,500.00	61,500.00	18,895.50	17,430.00	25,174.50
Audit Services					
Other Expenses	30,000.00	20,000.00	18,708.50		1,291.50
Revenue Administration (Tax Collection)					
Salaries & Wages	19,500.00	19,500.00	19,413.00		87.00
Other Expenses	8,400.00	8,400.00	7,080.38	37.50	1,282.12
Tax Assessment Administration					
Salaries & Wages	22,000.00	22,000.00	21,012.00		988.00
Other Expenses	1,800.00	1,800.00	1,431.13		368.87
Legal Services & Costs					
Other Expenses	38,000.00	38,000.00	31,846.50	4,001.60	2,151.90
Engineering Services & Costs					
Other Expenses	8,000.00	8,000.00	5,608.49		2,391.51

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

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
MUNICIPAL COURT FUNCTIONS					
Municipal Court					
Salaries & Wages	27,500.00	27,500.00	26,247.87		1,252.13
Other Expenses	3,500.00	3,500.00	1,918.47		1,581.53
Public Defender					
Other Expenses	1,000.00	1,000.00	1,000.00		
LAND USE ADMINISTRATION					
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries & Wages	5,400.00	5,400.00	4,788.00		612.00
Other Expenses	7,900.00	7,900.00	3,484.28		4,415.72
Zoning Board of Adjustment					
Salaries & Wages	5,000.00	5,000.00	4,773.00		227.00
INSURANCE					
Surety Bond Premiums	3,000.00	3,000.00	3,000.00		
Self Insurance Program	40,000.00	40,000.00	40,000.00		
Worker's Compensation Insurance	146,601.00	146,601.00	69,000.00		77,601.00
Group Plans for Employees	1,500,000.00	1,579,000.00	1,576,766.58		2,233.42
Unemployment Compensation Insurance	9,100.00	9,100.00	8,480.38		619.62
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries & Wages	1,280,000.00	1,280,000.00	1,247,680.02		32,319.98
Other Expenses	80,250.00	80,250.00	47,585.61	6,953.61	25,710.78
Police Radio and Communications					
Other Expenses	39,375.30	39,375.30	39,375.30		
Office of Emergency Management					
Salaries & Wages	4,900.00	4,900.00	4,807.92		92.08
Other Expenses	1,700.00	1,700.00	281.90		1,418.10
Fire					
Other Expenses	29,000.00	29,000.00	20,080.08	7,376.30	1,543.62
Fire Inspection					
Other Expenses	3,700.00	4,200.00	3,766.64		433.36
Rescue					
Other Expenses	16,000.00	18,500.00	8,038.88	8,312.05	2,149.07
Municipal Prosecutor					
Salaries & Wages	10,000.00	10,000.00	7,791.71		2,208.29

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
PUBLIC WORKS FUNCTIONS					
Supervision of Public Works					
Salaries & Wages	30,000.00	30,000.00	30,000.00		
Other Expenses	2,500.00	2,500.00	734.92		1,765.08
Road Repairs & Maintenance					
Salaries & Wages	572,000.00	562,000.00	545,433.99		16,566.01
Other Expenses					
Miscellaneous Other Expenses	39,000.00	49,000.00	33,170.37	13,575.10	2,254.53
Municipal Garage	98,000.00	104,000.00	70,743.45	30,520.26	2,736.29
Solid Waste Collection					
Salaries & Wages	123,000.00	123,000.00	120,029.05		2,970.95
Other Expenses	3,000.00	3,000.00	913.40		2,086.60
Public Buildings & Grounds					
Other Expenses	85,000.00	85,000.00	47,216.52	26,329.75	11,453.73
Mosquito Control					
Other Expenses	5,000.00				
HEALTH AND HUMAN SERVICES					
Dog Regulation					
Other Expenses	11,000.00	11,000.00	9,930.00		1,070.00
Tidelands License and Lease Fee					
Other Expenses	6,000.00	6,000.00	5,592.00		408.00
PARK AND RECREATION FUNCTIONS					
Farmland Preservation Program	10,000.00				
Parks & Playgrounds					
Salaries & Wages	3,000.00	3,000.00	508.37		2,491.63
Other Expenses	3,000.00	3,000.00	850.00		2,150.00
Historical Sites					
Other Expenses	3,000.00	3,000.00	1,754.34	80.00	1,165.66

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

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
OTHER COMMON OPERATING FUNCTIONS					
Housing Program					
Other Expenses	18,000.00	18,000.00	9,265.79	5,916.70	2,817.51
Senior Citizen Lunch Program					
Salaries & Wages	53,000.00	51,000.00	49,868.89		1,131.11
Other Expenses	30,000.00	30,000.00	8,224.80	15,587.68	6,187.52
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	140,000.00	110,000.00	85,812.97		24,187.03
Street Lighting	33,000.00	30,000.00	28,779.32		1,220.68
Telephone	34,000.00	42,000.00	39,658.40		2,341.60
Heating Oil	60,000.00	60,000.00	46,342.91		13,657.09
Sewer System					
Salaries & Wages	4,600.00	4,600.00	4,346.90		253.10
Other Expenses	148,000.00	138,000.00	39,048.84	95,238.50	3,712.66
Gasoline	200,000.00	200,000.00	149,738.61	8,355.49	41,905.90
LANDFILL AND SOLID WASTE DISPOSAL COSTS					
Solid Waste Disposal Costs	61,000.00	61,000.00	47,995.90	1,089.09	11,915.01
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)					
State Uniform Construction Code					
Construction Official					
Salaries & Wages	14,650.00	19,150.00	16,425.50		2,724.50
Other Expenses	800.00	800.00	285.71		514.29
Plumbing Inspection					
Salaries & Wages	1,100.00	1,600.00	1,250.01		349.99
Electrical Sub code Official					
Salaries & Wages	5,650.00	12,650.00	5,500.00		7,150.00
Total Operations within "CAPS"	5,431,076.30	5,463,076.30	4,846,924.69	247,142.01	369,009.60
Contingent	2,000.00	2,000.00			2,000.00
Total Operations Including Contingent	5,433,076.30	5,465,076.30	4,846,924.69	247,142.01	371,009.60
Detail:					
Salaries & Wages	2,368,300.00	2,368,300.00	2,295,038.23		73,261.77
Other Expenses	3,064,776.30	3,096,776.30	2,551,886.46	247,142.01	297,747.83

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	125,873.00	125,873.00	125,873.00		
Social Security System (OASI)	210,000.00	178,000.00	177,753.98		246.02
Police and Firemen's Retirement System of NJ	209,102.00	209,102.00	209,102.00		
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	544,975.00	512,975.00	512,728.98		246.02
Total General Appropriations for Municipal Purposes within "CAPS"	5,978,051.30	5,978,051.30	5,359,653.67	247,142.01	371,255.62
LANDFILL AND SOLID WASTE DISPOSAL COSTS					
Recycling Tax					
Other Expenses	4,000.00	4,000.00		3,895.08	104.92
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (P.L. 1997, c.388)	15,000.00	15,000.00			15,000.00
Total Other Operations - Excluded from "CAPS"	19,000.00	19,000.00		3,895.08	15,104.92
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES					
Senior Citizen/Disabled Resident Transportation Grant	119,054.59	119,054.59	119,054.59		
Recycling Tonnage Grant	9,409.34	9,409.34	9,409.34		
Municipal Alliance on Alcohol and Drug Abuse	2,195.84	2,195.84	2,195.84		
Municipal Alcohol Education and Rehabilitation	52.77	52.77	52.77		
Body Armor Replacement Grant	1,755.82	1,755.82	1,755.82		
Drunk Driving Enforcement Fund	6,280.91	6,280.91	6,280.91		
Clean Communities Program	7,817.65	7,817.65	7,817.65		
Total Public and Private Programs Offset by Revenues - Excluded from "CAPS"	146,566.92	146,566.92	146,566.92		
Total Operations Excluded from "CAPS"	165,566.92	165,566.92	146,566.92	3,895.08	15,104.92

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

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Detail:					
Salaries and Wages					
Other Expenses	165,566.92	165,566.92	146,566.92	3,895.08	15,104.92
Transferred to Board of Education for Use of Local Schools (NJSA 40:46-17.1 & 17.3)	3,292,016.00	3,292,016.00	1,646,216.00	1,645,800.00	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,457,582.92	3,457,582.92	1,792,782.92	1,649,695.08	15,104.92
Subtotal General Appropriations	9,435,634.22	9,435,634.22	7,152,436.59	1,896,837.09	386,360.54
RESERVE FOR UNCOLLECTED TAXES	55,260.87	55,260.87	55,260.87		
TOTAL GENERAL APPROPRIATIONS	$ 9,490,895.09	$ 9,490,895.09	$ 7,207,697.46	$ 1,896,837.09	$ 386,360.54
Ref.	A-2	A-2		A-16	A

	Ref.	
Reserve for Federal and State Grants	A-18	$ 146,566.92
Reserve for Uncollected Taxes	A-2	55,260.87
Disbursed	A-4	7,005,869.67
		$ 7,207,697.46

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

THIS PAGE INTENTIONALLY LEFT BLANK

TRUST FUND

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT B

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
ASSETS			
Animal Control Trust Fund			
Cash - Treasurer	B-1	$ 1,329.84	$ 3,252.37
LOSAP (unaudited)			
Investments		70,688.69	61,108.88
Trust Other Funds			
Cash - Treasurer	B-1	640,395.07	828,760.84
Investments	B-2	21,322,944.56	21,275,879.05
Due from Current Fund	A	182.82	
		21,963,522.45	22,104,639.89
		$ 22,035,540.98	$ 22,169,001.14
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund			
Due to Current Fund	A	$ 502.56	$ 2,155.88
Due State			1.20
Reserve for Animal Control Fund Expenditures	B-3	827.28	1,095.29
		1,329.84	3,252.37
LOSAP (unaudited)			
Reserve for LOSAP Benefits		70,688.69	61,108.88
Trust Other Funds			
Encumbrances Payable			112,945.00
Due to Current Fund			69.62
Reserve for Escrow	B-4	9,730.55	10,957.43
Reserve for Self-Insurance Fund	B-4	21,916,652.60	21,946,394.55
Reserve for Tax Sale Redemption	B-4	1,599.84	
Reserve for Tax Sale Premium			1,700.00
Reserve for Municipal Drug Alliance Funds	B-4	6,890.44	6,199.99
Reserve for Recreation Activities	B-4	16,981.32	16,981.32
Reserve for Uniform Fire Safety	B-4	10,586.96	9,350.33
Reserve for Leisure Arms	B-4	964.09	
Reserve for Public Defender Fees	B-4	116.65	41.65
		21,963,522.45	22,104,639.89
		$ 22,035,540.98	$ 22,169,001.14

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

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL CAPITAL FUND

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
ASSETS			
Cash - Treasurer	C-2	$ 5,780,891.72	$ 6,200,644.46
Investments	C-3	32,541,362.87	32,620,607.06
		$ 38,322,254.59	$ 38,821,251.52
LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrances Payable	C-7	$ 76,439.48	$ 337,625.34
Unappropriated Grant		478,580.54	391,035.06
Capital Improvement Fund	C-5	36,882,936.46	37,074,180.20
Improvement Authorizations-Funded	C-6	731,443.18	865,555.99
Fund Balance	C-1	152,854.93	152,854.93
		$ 38,322,254.59	$ 38,821,251.52

EXHIBIT C-1

SCHEDULE OF FUND BALANCE - GENERAL CAPITAL - REGULATORY BASIS

	Ref.	
Balance December 31, 2013	C	$ 152,854.93
Balance December 31, 2014	C	$ 152,854.93

GENERAL FIXED ASSETS ACCOUNT GROUP

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT D

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	2014	2013
Land	$ 771,565.36	$ 771,565.36
Buildings and Improvements	2,050,350.00	2,050,350.00
Equipment	4,858,889.58	4,319,685.15
	$ 7,680,804.94	$ 7,141,600.51
Investment in General Fixed Assets	$ 7,680,804.94	$ 7,141,600.51

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

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Description of Funds and Account Groups

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

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

General Fixed Assets - To account for fixed assets used in governmental operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differs in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting principles are as follows:

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

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

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

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 county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

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

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

School Taxes - The Township is responsible for levying, collecting and remitting school taxes for the Township of Lower Alloways Creek School District, if any is required. For 2014 and prior years, the governing body has chosen to appropriate sufficient funds in the municipal budget for transfers to the Board of Education to eliminate the need for a local school tax.

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

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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.

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. 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 November 2013, the 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 No. 68 which is effective for periods beginning after June 15, 2014. This 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. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. There were no budget amendment during the year.

NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statues NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2014 and 2013, the carrying amount of the Township's deposits was $7,487,902.46 and $8,264,244.09, respectively. As of December 31, 2014 and 2013, $0 of the municipality's bank balance of $7,545,778.40 and $8,335,283.66, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

Custodial Credit Risk - Investments
Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are considered to be exposed to Custodial Credit Risk if they are: uninsured, are not registered in the name of the Township, and are held by either the counterparty or the counterparty's trust department or agent but not in the government's name. None of the Township's $56,864,307.43 investments in Government Bonds are held by the counterparty.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

As of December 31, 2014, the Township had the following investments and maturities:

Investment	Maturities	Amortized Cost	Fair Value
U.S. TSY Inflation Index	1/15/2021	$ 8,131,870.92	$ 9,038,237.00
Port Authority of NY & NJ	10/1/2062	3,000,000.00	3,166,020.00
U.S. Treasury Bonds	2/15/2042	5,019,899.14	5,105,288.05
NJ State Turnpike	1/1/2040	7,360,819.47	7,513,700.00
NJ EDA St Pension	2/15/2029	1,974,259.31	2,545,660.00
NJ EDA St Pension	2/15/2029	2,972,209.80	3,818,490.00
NJ EDA St Pension	2/15/2018	1,696,007.88	1,847,240.00
NJ EDA St Pension	2/15/2029	1,278,829.25	1,649,233.36
Cumberland Co NJ Impr Series B	4/15/2020	4,000,000.00	4,459,600.00
Bergen County Improvement Authority	6/1/2040	1,993,754.16	2,454,640.00
South Jersey Port Corp Term P	1/1/2040	3,473,500.00	3,449,340.00
NJ State EFA Rev Series B	7/1/2040	3,934,384.16	4,172,652.00
NJ EDA Sch Fac Construction	12/15/2015	2,028,773.34	2,052,940.00
New Brunswick NJ Parking Authority	9/1/2031	5,000,000.00	6,077,600.00
NJ State Transp Trust Fund	12/15/2028	5,000,000.00	5,580,550.00
		$ 56,864,307.43	$ 62,931,190.41

NOTE 4: INVESTMENTS (CONTINUED)

Unaudited Investments:
As more fully described in Note 12, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln National Life Insurance Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the accounts on December 31, 2014 and 2013, amounted to $70,688.69 and $61,108.88, respectively. The information on 5% or more invested with Variable Annual Life Insurance Company is not yet available.

NOTE 5: RISK MANAGEMENT

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

The Township has adopted a plan of self-insurance for general liability coverage. Plan reserves are charged for premium costs for commercial liability coverage as well as funding policy deductibles. In addition, the Township has elected to self-insure all equipment with a value less than $25,000.00. The balance in the self-insurance fund at December 31, 2014, was $21,916,652.60. The Township maintains excess liability insurance for buildings and content with a $5,000.00 deductible and $1,000,000.00 excess liability insurance for automobiles with a $1,000.00 deductible.

NOTE 6: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year
	2014	$ 1,130,844.32	*
	2013	1,039,395.60	$ 975,856.34
Current Fund	2012	1,591,323.52	1,386,270.56
	2011	1,766,013.66	1,734,319.53
	2010	608,085.20	444,000.00

* 2015 Budget has not been adopted.

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2014.

	Due From	Due To
Current Fund		
Animal Control Trust	$ 502.56	
Trust Other		$ 182.82
Animal Control Trust Fund		
Current Fund		502.56
Trust Other		
Current Fund	182.82	
	$ 685.38	$ 685.38

Interfunds were created due to reclassification of receipts.

NOTE 8: ACCUMULATED ABSENCE BENEFITS

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

Employees of the Township are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. Employees are represented by labor unions, and each contract contains different provisions for employee-compensated absences. The total value of compensated absences owed to employees as of December 31, 2014, was $91,750.85.

NOTE 9: DEFERRED COMPENSATION PLAN

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

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

NOTE 10: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2014:

	Balance Dec. 31, 2013	Additions	Deletions	Balance Dec. 31, 2014
Land	$ 771,565.36			$ 771,565.36
Buildings & Improvements	2,050,350.00			2,050,350.00
Equipment	4,319,685.15	$ 618,045.43	$ 78,841.00	4,858,889.58
	$ 7,141,600.51	$ 618,045.43	$ 78,841.00	$ 7,680,804.94

NOTE 11: ECONOMIC DEPENDENCY

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

NOTE 12: LENGTH OF SERVICE AWARD PROGRAM

The Township's Length of Service Awards Program (LOSAP) was created by a Township Ordinance which was adopted on August 19, 2008, in accordance with Chapter 338 of the Laws of 1997. This plan is made available to all bona fide eligible volunteers who are performing qualified services, which are defined as firefighting services, pursuant to section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP, as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law of 1997, Chapter 338 and the LOSAP document. The balance is subject to the general creditors of the Township. The Township's budget appropriation for 2014 and 2013 are $15,000.00 and $16,000.00, respectively.

NOTE 13: PENSION FUNDS

Description of Plans - All eligible employees of the Township are covered by either the Public Employees' Retirement System (PERS) or Police and Firemen's Retirement System (PFRS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the retirement systems. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml.

NOTE 13: PENSION FUNDS (CONTINUED)

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

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

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll, to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The PFRS contribution rate increased to 10% of base salary effective with the first payroll to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. 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, 2014, 2013, and 2012, were $125,873.00, $118,373.00, and $168,635.00, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ending December 31, 2014, 2013, and 2012, were $209,102.00, $196,032.00, and $177,158.00, respectively, equal to the required contributions for each year.

NOTE 14: POST-EMPLOYMENT HEALTHCARE PLAN

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

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

NOTE 14: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

Funding Policy - The contribution requirements of the Township healthcare plan are established by negotiated labor contracts and the Township employee manual. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2014 the Township contributed $1,077,975.81 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

Annual OPEB Cost and Net OPEB Obligation - The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation to the plan.

At December 31, 2014, the estimated actuarial accrued liability of benefit obligations of the Township for other post-employment benefits is:

For covered retired employees	$ 10,026,761.00
For active or terminated vested participants who have satisfied the requirements (except for actually retiring) for retiree coverage	1,267,958.00
For other active participants	7,081,249.00
Total	18,375,968.00
Assets	0.00
Unfunded Actuarial Accrued Liability	$ 18,375,968.00

Annual Required Contribution (ARC)

Annual Amount Toward Unfunded Actuarial Accrued Liability	$ 1,138,460.00
Normal Cost for OPEB	544,384.00
Total	$ 1,682,844.00

Funded Status and Funding Progress - As of December 31, 2014, the Township is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The Actuarial Accrued Liability ("AAL") is the present value of all future expected post-retirement medical payments and administrative costs which are attributable to past service. The Township's unfunded AAL is estimated to be $18,375,968.00 as of December 31, 2014.

NOTE 14: POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The December 31, 2014, actuarial valuation, utilized the projected unit credit method with amortization on a straight line basis, was utilized for a period of 30 years.

NOTE 15: 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, 2014	Balance Dec. 31, 2013
Prepaid Taxes - Cash Liability	$ 46,837.10	$ 45,121.97

NOTE 16: CONTINGENCIES

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

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

NOTE 17: SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2014 and April 22, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and not items have come to the attention of the Township that would require disclosure.

SUPPLEMENTARY DATA

THIS PAGE INTENTIONALLY LEFT BLANK

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 Lower Alloways Creek
501 Locust Road
Hancocks Bridge, New Jersey 08038

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets- regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance – regulatory basis, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Township of Lower Alloways Creek, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township of Lower Alloways Creek's basic financial statements, and have issued our report thereon dated April 22, 2015, 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 Lower Alloways Creek's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Lower Alloways Creek's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Lower Alloways Creek's internal control.

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

THIS PAGE INTENTIONALLY LEFT BLANK

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying *schedule of findings and recommendations* that we consider to be a significant deficiency as item 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *schedule of findings and recommendations* as item 2014-001.

Township's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying *schedule of findings and recommendations*. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

April 22, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULE 1

TOWNSHIP OF LOWER ALLOWAYS CREEK
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

State Funding Department/Program	State Grant Number	Program Amount	Funds Received	Grant Period From	Grant Period To	Amount of Expenditures	Cumulative Expenditures
Department of Law and Public Safety:							
Drunk Driving Enforcement Program	1110-448-301020-60	$ 6,280.91		1/1/14	12/31/14		
Drunk Driving Enforcement Program	1110-448-301020-60	10,128.21		1/1/10	12/31/10	$ 3,539.52	$ 5,460.05
Police Body Armor Grant	1020-718-066-1020-001-YCJS-6120	1,755.82		1/1/14	12/31/14		
Police Body Armor Grant	1020-718-066-1020-001-YCJS-6120	1,437.28		1/1/12	12/31/12		
Police Body Armor Grant	1020-718-066-1020-001-YCJS-6120	1,446.16		1/1/11	12/31/11		682.57
Municipal Court Alcohol Education	9735-760-098-Y900-001-X100-6020	52.77		1/1/14	12/31/14		
Municipal Court Alcohol Education	9735-760-098-Y900-001-X100-6020	485.41	$ 161.63	1/1/12	12/31/12		
Municipal Court Alcohol Education	9735-760-098-Y900-001-X100-6020	251.37		1/1/11	12/31/11		76.75
Municipal Court Alcohol Education	9735-760-098-Y900-001-X100-6020	9,785.95		1/1/10	12/31/10		
Department of Community Affairs:							
Municipal Alliance on Alcohol and Drugs	N/A	2,195.84	728.21	1/1/14	12/31/14	1,513.62	1,513.62
Municipal Alliance on Alcohol and Drugs	N/A	3,513.34		1/1/14	12/31/14		
Municipal Alliance on Alcohol and Drugs	N/A	4,391.68		1/1/12	12/31/12		3,905.71
Municipal Alliance on Alcohol and Drugs	N/A	4,391.68		1/1/10	12/31/10		578.70
Recycling Tonnage Grant	4900-752-042-4900-001-VREV-6020	9,409.34		1/1/14	12/31/14		
Recycling Tonnage Grant	4900-752-042-4900-001-VREV-6020	11,871.44		1/1/13	12/31/13		
Recycling Tonnage Grant	4900-752-042-4900-001-VREV-6020	9,493.60		1/1/12	12/31/12		
Recycling Tonnage Grant	4900-752-042-4900-001-VREV-6020	9,962.26		1/1/11	12/31/11		
Recycling Tonnage Grant	4900-752-042-4900-001-VREV-6020	50,125.54		1/1/10	12/31/10	1,000.00	2,040.00
Department of Environmental Protection							
Clean Communities	4900-765-042-4900-004-VCMB-6020	7,817.65		1/1/14	12/31/14	1,846.61	1,846.61
Clean Communities	4900-765-042-4900-004-VCMB-6020	6,658.33		1/1/13	12/31/13		4,697.15
Clean Communities	4900-765-042-4900-004-VCMB-6020	6,786.82		1/1/12	12/31/12		3,225.00
Clean Communities	4900-765-042-4900-004-VCMB-6020	7,062.22		1/1/11	12/31/11		3,859.04
Clean Communities	4900-765-042-4900-004-VCMB-6020	6,782.02		1/1/10	12/31/10	1,550.00	4,827.94
Department of Human Services:							
Senior Citizens and Disabled Residents Transportation	N/A	119,054.59		1/1/14	12/31/14	42,437.17	42,437.17
Senior Citizens and Disabled Residents Transportation	N/A	132,451.12		1/1/13	12/31/13	22,816.75	39,937.55
Senior Citizens and Disabled Residents Transportation	N/A	108,182.68		1/1/12	12/31/12		84,839.41
Senior Citizens and Disabled Residents Transportation	N/A	108,182.68		1/1/11	12/31/11		95,659.61
Senior Citizens and Disabled Residents Transportation	N/A	114,851.33		1/1/10	12/31/10		12,700.23
Department of Transportation:							
Municipal Aid Program	2014-480-078-6320-ALQ-TCAP-6010	153,000.00		1/1/14	12/31/14	147,838.56	147,838.56
		$ 907,808.04	$ 889.84			$ 222,542.23	$ 456,125.67

The accompanying notes to schedule of expenditures of state awards is an integral part of this schedule.

SCHEDULE 2

TOWNSHIP OF LOWER ALLOWAYS CREEK
NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of State awards include state activity of the Township of Lower Alloways Creek. The Township is defined in Note 1 to the Township's financial statements. All state assistance received directly from state agencies, as well as state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of State Awards.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of State Awards include the state grant activity of the Township of Lower Alloways Creek and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB 04-04. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

CURRENT FUND

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT A-4

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund
Balance December 31, 2013	A	$ 635,478.24	$ 510,874.32
Increased by Receipts:			
Collector	A-5	3,215,765.08	
Grants Receivable	A-17		889.84
Revenue Accounts Receivable	A-13	8,521,868.47	
Sale of Property Acquired for Taxes	A-10	10,010.00	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	28,815.00	
Due State of New Jersey - Fees		2,240.00	
Grants Unappropriated	A-19		139,698.23
County Energy Receipts Tax		2,195,000.00	
Payroll Taxes Payable		887,873.54	
Due from Trust Other		92,903.20	
Due from General Capital Fund		507,308.68	
Due from Current Fund	A-4		439.17
Petty Cash		1,100.00	
		15,462,883.97	141,027.24
		16,098,362.21	651,901.56
Decreased by Disbursements:			
2014 Budget Appropriations	A-3	7,005,869.67	
2013 Appropriation Reserves	A-15	45,437.90	
Encumbrances Payable	A-16:A-20	1,909,577.85	6,730.61
Reserve for Grants - Appropriated	A-18		71,237.67
County Taxes	A-8	2,919,524.71	
Due County Added & Omitted Taxes	A-8	5,802.72	
County Energy Receipts Tax		2,195,000.00	
Due State of New Jersey - Fees		2,496.00	
Due to Trust Funds		45,964.00	
Due from General Capital Fund		586,545.48	
Due to Grant Fund	A-4	439.17	
Payroll Taxes Payable		889,602.16	
Petty Cash		1,100.00	
		15,607,359.66	77,968.28
Balance December 31, 2014	A	$ 491,002.55	$ 573,933.28

EXHIBIT A-5

SCHEDULE OF CURRENT FUND CASH - COLLECTOR

	Ref.		
Balance December 31, 2013	A		$ 84,883.86
Increased by Receipts:			
Taxes Receivable	A-8	$ 2,883,172.91	
Prepaid Taxes	A	46,837.10	
Tax Title Liens	A-9	983.09	
Sewer Liens	A-12	1,302.67	
Revenue Accounts Receivable	A-13	198,585.45	
			3,130,881.22
			3,215,765.08
Decreased by Disbursements:			
Transfers to Treasurer	A-4		3,215,765.08

EXHIBIT A-6

SCHEDULE OF CHANGE FUND

	Balance Dec. 31, 2013	Balance Dec. 31, 2014
Municipal Clerk	$ 50.00	$ 50.00
Tax Collector	100.00	100.00
Municipal Court	150.00	150.00
Assistant Treasurer	50.00	50.00
	$ 350.00	$ 350.00
Ref.	A	A

EXHIBIT A-7

SCHEDULE OF CURRENT FUND INVESTMENTS - TREASURER

	Ref.	
Balance December 31, 2013	A	$ 3,000,000.00
Balance December 31, 2014	A	$ 3,000,000.00

Schedule of Investments December 31, 2014

	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
Port Authority of NY & NJ	9/28/2012	10/1/2062	4.458%	$ 3,166,020.00	$ 3,000,000.00

EXHIBIT A-8

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2013	2014 Levy	Added Taxes	Collected 2013	Collected 2014	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2014
2011			$ 714.08		$ 714.08			
2012	$ 5.89		694.93		700.57	$ 0.25		
2013	51,385.88		962.42		51,422.16		$ 921.31	$ 4.83
	51,391.77		2,371.43		52,836.81	0.25	921.31	4.83
2014		$ 2,923,425.41		$ 45,121.97	2,858,900.16	13.10	1,682.85	17,707.33
	$ 51,391.77	$ 2,923,425.41	$ 2,371.43	$ 45,121.97	$ 2,911,736.97	$ 13.35	$ 2,604.16	$ 17,712.16
Ref.	A						A-9	A

	Ref.	
Cash - Collector	A-5	$ 2,883,172.91
Due State of New Jersey	A-14	28,564.06
		$ 2,911,736.97

EXHIBIT A-8
(Continued)

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield			
General Purpose Tax:			
Business Personalty Tax	$ 3,405.23		
General Property Tax	2,916,664.56		
		$ 2,920,069.79	
Added Taxes (54:4-63.1 et seq.)		3,355.62	
			$ 2,923,425.41
Tax Levied			
County Taxes:			
County Tax (Abstract)	$ 2,859,146.82		
Due County for Open Space	60,377.89		
Due County for Added Taxes (54:4-63.1 et seq.)	5,802.72		
Total County Taxes		$ 2,925,327.43	
Add: Additional Taxes Levied	(1,902.02)		
		(1,902.02)	
			$ 2,923,425.41

EXHIBIT A-9

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2013	A		$ 3,062.85
Increased by:			
Transfers from Taxes Receivable	A-8	$ 2,604.16	
Interest and Costs on Tax Sale		222.19	
			2,826.35
			5,889.20
Decreased by:			
Cash Receipts	A-5		983.09
Balance December 31, 2014	A		$ 4,906.11

EXHIBIT A-10

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2013	A		$ 187,930.00
Decreased by:			
Cash Receipts from sale of Property	A-4	$ 10,010.00	
Loss on Sale of Property		74,490.00	
			84,500.00
Balance December 31, 2014	A		$ 103,430.00

EXHIBIT A-11

SCHEDULE OF SEWER RENTS AND CONNECTION FEES RECEIVABLE

	Ref.		
Balance December 31, 2013	A		$ 56,103.13
Increased by:			
Sewer Rents Levied			177,103.68
			233,206.81
Decreased by:			
Cash Receipts	A-13	$ 183,550.55	
Canceled		1,585.00	
Transfer to Liens	A-12	700.00	
Overpayments Applied	A-13	860.55	
			186,696.10
Balance December 31, 2014	A		$ 46,510.71

EXHIBIT A-12

SCHEDULE OF SEWER LIENS RECEIVABLE

	Ref.	
Balance December 31, 2013	A	$ 602.67
Increased by:		
Transfer from Sewer Receivable	A-11	700.00
		1,302.67
Decreased by:		
Cash Receipts	A-5	1,302.67

EXHIBIT A-13

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2013	Accrued in 2014	Collected Treasurer	Collected Collector	Balance Dec. 31, 2014
Miscellaneous Revenue Anticipated					
Fines and Costs:					
Municipal Court	$ 1,660.34	$ 18,523.31	$ 19,282.39		$ 901.26
Interest and Costs on Taxes		8,909.90		$ 8,909.90	
Interest on Investments and Deposits		2,673,673.66	2,673,673.66		
Police Agreement		92,250.00	92,250.00		
Trash Agreement		168,855.13	168,855.13		
Leisure Arms Rentals		156,863.44	156,863.44		
Sewer Rents		185,713.77		185,713.77	
Fuel Reimbursements		29,654.19	29,654.19		
Energy Receipts Tax		5,000,361.00	5,000,361.00		
Reserve for Garden State Trust Preservation		35,841.00	35,841.00		
Uniform Construction Code Fees		25,350.00	25,350.00		
Senior Citizen Lunch Program		26,613.00	26,613.00		
Miscellaneous Revenue Not Anticipated					
Refunds		214,658.40	214,658.40		
Interest on Sewer Rents		6,125.00		6,125.00	
Clerk Licenses		158.54	158.54		
Police Department Fees		469.30	469.30		
Planning & Zoning Fees		1,730.00	1,730.00		
Recycling		13,007.60	13,007.60		
Historical Books		60.00	60.00		
Mobile Home Fees		2,400.00	2,400.00		
Court Agreement		3,541.17	3,541.17		
Computer Server Agreement		467.13	467.13		
Sale of Municipal Assets		15,340.43	15,340.43		
Stickers		1,724.00	1,724.00		
Cable Franchise Fee		3,978.77	3,978.77		
Miscellaneous		35,589.32	35,589.32		
	$ 1,660.34	$ 8,721,858.06	$ 8,521,868.47	$ 200,748.67	$ 901.26
Ref.	A		A-4	A-5	A

Sewer Rents:	Ref.	
Collected	A-5	$ 183,550.55
Liens	A-12	1,302.67
Overpayments Applied	A-12	860.55
		$ 185,713.77
	Ref.	A-13

EXHIBIT A-14

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

	Ref.		
Balance December 31, 2013	A		$ 13,035.85
Increased by:			
Cash Receipts	A-4		28,815.00
			41,850.85
Decreased by:			
2014 Deductions Per Tax Duplicate		$ 27,250.00	
2014 Deductions Allowed by Collector		1,500.00	
2014 Deductions Disallowed by Collector		(185.94)	
	A-8	28,564.06	
			28,564.06
Balance December 31, 2014	A		$ 13,286.79

EXHIBIT A-15

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages				
Tax Assessment	$ 1,400.00	$ 1,400.00	$ 1,220.00	$ 180.00
Other Expenses				
Mayor	182.75	182.75	72.40	110.35
Township Clerk	15,352.84	15,352.84	899.87	14,452.97
Tax Collection	2,668.95	2,668.95	228.96	2,439.99
Tax Assessment	392.06	392.06	20.88	371.18
Legal Services	6,746.42	6,746.42	3,246.02	3,500.40
Engineering	6,853.73	6,853.73	27.34	6,826.39
Planning Board	4,404.95	4,404.95	46.00	4,358.95
Road Repairs	3,345.30	3,345.30	3,260.48	84.82
Municipal Garage	3,487.09	3,487.09	713.59	2,773.50
Group Insurance	233,062.23	233,062.23	4,105.25	228,956.98
Unemployment Insurance	785.45	785.45	8.54	776.91
Police	2,207.47	2,207.47	1,523.66	683.81
Solid Waste Collection/Recycling	2,136.00	2,136.00	595.80	1,540.20
Rescue	2,458.41	2,458.41	206.76	2,251.65
Historical Sites	1,268.41	1,268.41	336.00	932.41
Dog Regulation	2,771.42	2,771.42	141.00	2,630.42
Electricity	58,871.25	58,871.25	7,218.25	51,653.00
Street Lighting	2,633.06	2,633.06	2,217.80	415.26
Telephone	611.03	611.03	355.47	255.56
Gasoline	67,762.05	67,762.05	14,486.50	53,275.55
Solid Waste Disposal	4,902.83	4,902.83	484.00	4,418.83
Social Security	46,239.47	46,239.47	93.33	46,146.14
LOSAP	16,000.00	16,000.00	5,800.00	10,200.00
Other Accounts - No Change	167,268.87	167,268.87		167,268.87
	$ 653,812.04	$ 653,812.04	$ 47,307.90	$ 606,504.14
Ref.	A			A-1

	Ref.	
Encumbered	A-16	$ 1,870.00
Disbursements	A-4	45,437.90
		$ 47,307.90

EXHIBIT A-16

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.		
Balance December 31, 2013	A		$ 1,949,042.58
Increased by:			
Charges to 2014 Appropriations	A-3	$ 1,896,837.09	
Charges to 2013 Appropriation Reserves	A-15	1,870.00	
			1,898,707.09
			3,847,749.67
Decreased by:			
Payments	A-4	1,909,577.85	
Canceled	A-1	39,464.73	
			1,949,042.58
Balance December 31, 2014	A		$ 1,898,707.09

EXHIBIT A-17

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2013	2014 Budget Revenue Realized	Received	From Grants Unappropriated	Balance Dec. 31, 2014
Federal Grants:					
Buffer Zone Protection Program	$ 2,937.46				$ 2,937.46
	2,937.46				2,937.46
State Grants:					
Recycling Tonnage Grant		$ 9,409.34		$ 9,409.34	
Municipal Court Alcohol Education & Rehab Fund	161.63	52.77	$ 161.63	52.77	
Clean Communities		7,817.65		7,817.65	
Drunk Driving Enforcement Fund		6,280.91		6,280.91	
Automatic License Plate Recognition System	6,336.59				6,336.59
Senior Citizen & Disabled Resident Transportation Assistance Act Program		119,054.59		119,054.59	
Body Armor Replacement Fund		1,755.82		1,755.82	
Municipal Alliance on Alcohol and Drug Abuse	16,933.01	1,756.67	728.21		17,961.47
	23,431.23	146,127.75	889.84	144,371.08	24,298.06
	$ 26,368.69	$ 146,127.75	$ 889.84	$ 144,371.08	$ 27,235.52
Ref.	A	A-2	A-4	A-19	A

EXHIBIT A-18

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2013	Transferred from 2014 Budget Appropriation	Encumbrance Canceled	Disbursed	Encumbered	Balance Dec. 31, 2014
Federal Grants:						
Buffer Zone Protection Program	$ 4,909.98					$ 4,909.98
Municipal Storm water Regulation Program	6,573.66					6,573.66
	11,483.64					11,483.64
State Grants:						
Senior Citizen & Disabled Resident Transportation Assistance Act Program	252,842.56	$ 119,054.59	$ 505.20	$ 61,787.92	$ 3,466.00	307,148.43
Municipal Court Alcohol Education & Rehab Fund	10,445.98	52.77				10,498.75
Recycling Tonnage Grant	80,412.84	9,409.34		1,000.00		88,822.18
Body Armor Replacement Fund	2,200.87	1,755.82				3,956.69
Clean Communities	10,805.26	7,817.65	1,425.00	3,396.61		16,651.30
Drunk Driving Enforcement Fund	8,207.68	6,280.91		3,539.52		10,949.07
Municipal Alliance on Alcohol and Drug Abuse	7,812.29	2,195.84		1,513.62		8,494.51
	372,727.48	146,566.92	1,930.20	71,237.67	3,466.00	446,520.93
	$ 384,211.12	$ 146,566.92	$ 1,930.20	$ 71,237.67	$ 3,466.00	$ 458,004.57
Ref.	A	A-3	A-20	A-4	A-20	A

EXHIBIT A-19

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2013	Received	To Grants Receivable	Balance Dec. 31, 2014
State Grants:				
Recycling Tonnage Grant	$ 9,409.34	$ 9,453.38	$ 9,409.34	$ 9,453.38
Drunk Driving Enforcement Fund	6,280.91		6,280.91	
Body Armor Replacement Fund	1,755.82	2,540.98	1,755.82	2,540.98
Municipal Court Alcohol Education & Rehabilitation Fund	52.77	74.69	52.77	74.69
Clean Communities	7,817.65	7,333.96	7,817.65	7,333.96
Senior Citizen & Disabled Resident				
Transportation Assistance Act Program	119,054.59	120,295.22	119,054.59	120,295.22
	$ 144,371.08	$ 139,698.23	$ 144,371.08	$ 139,698.23
Ref.	A	A-4	A-17	A

EXHIBIT A-20

SCHEDULE OF FEDERAL AND STATE GRANT ENCUMBRANCES PAYABLE

	Ref.		
Balance December 31, 2013	A		$ 8,660.81
Increased by:			
Charges to Reserve for Grants Appropriated	A-18		3,466.00
			12,126.81
Decreased by:			
Canceled	A-18	$ 1,930.20	
Disbursements	A-4	6,730.61	
			8,660.81
Balance December 31, 2014	A		$ 3,466.00

TRUST FUND

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT B-1

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust Fund	Other Trust Funds
Balance December 31, 2013	B	$ 3,252.37	$ 828,760.84
Increased by Receipts:			
Dog License Fees:			
Municipal Share	B-3	3,218.80	
State Share		664.20	
Trust Other	B-4		139,551.87
Due from Current Fund		349.11	45,496.25
		4,232.11	185,048.12
		7,484.48	1,013,808.96
Decreased by Disbursements:			
Due State of New Jersey		665.40	
Trust Other	B-4		167,654.69
To Investments	B-2		47,065.51
Encumbrances Payable			112,945.00
Expenditures Under RS 4:19-15.11	B-3	3,486.81	
Due Current Fund		2,002.43	45,748.69
		6,154.64	373,413.89
Balance December 31, 2014	B	$ 1,329.84	$ 640,395.07

EXHIBIT B-2

SCHEDULE OF TRUST FUND INVESTMENTS - TREASURER

	Ref.	
Balance December 31, 2013	B	$ 21,275,879.05
Increased by Receipts:		
Amortization of Premium/Discount	B-1	47,065.51
Balance December 31, 2014	B	$ 21,322,944.56

Schedule of Investments December 31, 2014

	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
NJ EDA St Pension	6/15/1997	2/15/2029	7.425%	$ 2,396,760.00	$ 1,974,259.31
NJ EDA St Pension	6/15/1997	2/15/2029	7.425%	3,595,140.00	2,972,209.80
NJ EDA St Pension	6/30/1997	2/15/2018	7.605%	1,748,820.00	1,696,007.88
NJ EDA St Pension	4/6/2009	2/15/2029	7.425%	1,518,857.60	1,278,829.25
Cumberland County NJ Impr Series B	10/22/2009	4/15/2020	5.094%	4,247,800.00	4,000,000.00
Bergen County Improvement Authority	3/31/2010	6/1/2040	5.760%	2,086,020.00	1,993,754.16
South Jersey Port Corp Term P	10/30/2009	1/1/2040	7.370%	3,182,790.00	3,473,500.00
NJ State EFA Rev Series B	1/14/2010	7/1/2040	7.400%	3,905,820.00	3,934,384.16
				$ 22,682,007.60	$ 21,322,944.56

EXHIBIT B-3

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.	
Balance December 31, 2013	B	$ 1,095.29
Increased by:		
Municipal Share of Dog License Fees	B-1	3,218.80
		4,314.09
Decreased by:		
Expenditures Under RS 4:19-15.11	B-1	3,486.81
Balance December 31, 2014	B	$ 827.28

License Fees Collected

Year	Amount
2012	$ 2,154.00
2013	2,970.80
	$ 5,124.80

EXHIBIT B-4

SCHEDULE OF RESERVE FOR OTHER TRUST FUNDS

	Balance Dec. 31, 2013	Deposits, Fees and Donations	Disbursements	Balance Dec. 31, 2014
Reserve for Escrow	$ 10,957.43	$ 2,182.82	$ 3,409.70	$ 9,730.55
Reserve for Self-Insurance Fund	21,946,394.55	115,616.57	145,358.52	21,916,652.60
Reserve for Municipal Drug Alliance Fund	6,199.99	1,778.00	1,087.55	6,890.44
Reserve for Recreation Activities	16,981.32			16,981.32
Reserve for Public Defender Fees	41.65	500.00	425.00	116.65
Reserve for Tax Sale Redemption		15,973.76	14,373.92	1,599.84
Reserve for Tax Sale Premiums	1,700.00	1,300.00	3,000.00	
Reserve for Leisure Arms		964.09		964.09
Reserve for Uniform Fire Safety	9,350.33	1,236.63		10,586.96
	$ 21,991,625.27	$ 139,551.87	$ 167,654.69	$ 21,963,522.45
Ref.	B	B-1	B-1	B

GENERAL CAPITAL FUND

THIS PAGE INTENTIONALLY LEFT BLANK

EXHIBIT C-2

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	Ref.		
Balance December 31, 2013	C		$ 6,200,644.46
Increased by:			
Due from Current Fund		$ 586,576.47	
From Investments	C-3	79,244.19	
Unappropriated Grant	C-4	87,545.48	
			753,366.14
			6,954,010.60
Decreased by:			
Improvement Authorizations	C-6	548,939.07	
Encumbrances Payable	C-7	37,603.34	
Due Current Fund		586,576.47	
			1,173,118.88
Balance December 31, 2014	C		$ 5,780,891.72

EXHIBIT C-3

SCHEDULE OF GENERAL CAPITAL INVESTMENTS - TREASURER

	Ref.	
Balance December 31, 2013	C	$ 32,620,607.06
Decreased by:		
Amortization of Premium/Discount	C-2	79,244.19
Balance December 31, 2014	C	$ 32,541,362.87

Schedule of Investments December 31, 2014:

	Date of Issue	Date of Maturity	Interest Rate	Market Value	Amortized Cost
New Brunswick NJ Parking Authority	12/15/10	9/1/31	8.02%	$ 6,077,600.00	$ 5,000,000.00
NJ State Transp Trust Fund	10/21/10	12/15/28	6.01%	5,580,550.00	5,000,000.00
U.S. TSY Inflation Index	3/16/2011	1/15/2021	1.125%	9,038,237.00	8,131,870.92
U.S. Treasury Bonds	4/20/2012	2/15/2042	0.750%	5,105,288.05	5,019,899.14
NJ State Turnpike	8/20/2012	1/1/2040	7.414%	7,513,700.00	7,360,819.47
NJ EDA Sch Fac Construction	5/17/2010	12/15/2015	3.640%	2,052,940.00	2,028,773.34
				$ 35,368,315.05	$ 32,541,362.87

EXHIBIT C-4

ANALYSIS OF GENERAL CAPITAL FUND CASH

Ordinance Number	Purpose	Balance Dec. 31, 2013	Receipts Miscellaneous	Disbursements Improvement Authorizations	Disbursements Miscellaneous	Transfers To/(From)	Balance Dec. 31, 2014
Encumbrances Payable		$ 337,625.34			$ 37,603.34	$ (223,582.52)	$ 76,439.48
Due Current Fund			$ 586,576.47		586,576.47		
Unappropriated Grant		391,035.06	87,545.48				478,580.54
Capital Improvement Fund		37,074,180.20				(191,243.74)	36,882,936.46
Fund Balance		152,854.93					152,854.93
Improvement Authorizations:							
02-09	Engineering for New Bridge	124,335.00					124,335.00
04-16	Hancocks Bridge Bank Improvements	67,923.35					67,923.35
11-03	Improvements to Municipal Building & Grounds	46,043.63		$ 92,179.14		65,000.00	18,864.49
11-09	Solar Electric Generation Equipment	115,661.58		5,267.06		(110,394.52)	
11-09	Jaws of Life Hydraulic Pump	474.00				(474.00)	
12-01	Purchase of Automated Recycling Truck & Recycling Receptacles	61,439.76					61,439.76
12-05	Repairs and Related Costs to the Alloway Creek Bank	371,977.84				61,062.80	433,040.64
12-06	Resurfacing Alloway Creek Neck Road	32,218.66		128,206.94		100,368.38	4,380.10
	Purchasing Public Works Equipment, Improvements to Municipal Building and Grounds and Police Equipment	45,482.17		58,496.93		14,082.26	1,067.50
14-03	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck			264,789.00		285,181.34	20,392.34
		$ 38,821,251.52	$ 674,121.95	$ 548,939.07	$ 624,179.81		$ 38,322,254.59
	Ref.	C	C-2	C-6	C-2		C

EXHIBIT C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2013	C	$ 37,074,180.20
Increased by:		
Improvement Authorizations Canceled	C-6	308,756.26
		37,382,936.46
Decreased by:		
Funding of Ordinance	C-6	500,000.00
Balance December 31, 2014	C	$ 36,882,936.46

EXHIBIT C-6

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Amount	Balance Dec. 31, 2013 Funded	2014 Authorizations	Disbursed	Canceled	Encumbered	Encumbrances Canceled	Balance Dec. 31, 2014 Funded
02-09	Engineering for New Bridge	$ 135,000.00	$ 124,335.00						$ 124,335.00
04-16	Hancocks Bridge Bank Improvements	310,000.00	67,923.35						67,923.35
11-03	Improvements to Municipal Building & Grounds	75,000.00	46,043.63	$ 75,000.00	$ 92,179.14		$ 10,000.00		18,864.49
11-09	Solar Electric Generation Equipment	1,000,000.00	115,661.58		5,267.06	$ 307,364.52		$ 196,970.00	
11-09	Jaws of Life Hydraulic Pump	12,000.00	474.00			474.00			
12-01	Purchase of Automated Recycling Truck & Recycling Receptacles	400,000.00	61,439.76						61,439.76
12-05	Repairs and Related Costs to the Alloway Creek Bank	1,200,000.00	371,977.84					61,062.80	433,040.64
12-06	Resurfacing Alloway Creek Neck Road	470,000.00	32,218.66	120,000.00	128,206.94		19,631.62		4,380.10
13-04	Purchasing Public Works Equipment, Improvements to Municipal Building and Grounds and Police Equipment	150,000.00	45,482.17	15,000.00	58,496.93	917.74			1,067.50
14-03	Purchasing Public Works Equipment, Public Safety Equipment, Improvements to Municipal Building and Grounds, and Purchase of a Trash Truck	380,000.00		290,000.00	264,789.00		4,818.66		20,392.34
			$ 865,555.99	$ 500,000.00	$ 548,939.07	$ 308,756.26	$ 34,450.28	$ 258,032.80	$ 731,443.18
		Ref.	C	C-5	C-2	C-5	C-7	C-7	C

EXHIBIT C-7

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.		
Balance December 31, 2013	C		$ 337,625.34
Increased by:			
Charges	C-6		34,450.28
			372,075.62
Decreased by:			
Payments	C-2	$ 37,603.34	
Canceled	C-6	258,032.80	
			295,636.14
Balance December 31, 2014	C		$ 76,439.48

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

THIS PAGE INTENTIONALLY LEFT BLANK

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.

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

Purchase of a Recycling Truck
Repaving of Municipal Parking Lot
Resurfacing of Alloway Creek Neck Road, Section II

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

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

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

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

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

The governing body on January 1, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

Collection of Interest on Delinquent Taxes and Assessments (Continued)

> NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Lower Alloways Creek does hereby establish that the rate of interest to be charged for the non-payment of taxes or assessments on or before the above quarterly due dates, when interest becomes chargeable, shall be at 8% per annum on the first $1,500.00 for delinquency, and 18% per annum on any amount in excess of $1,500.00.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on July 18, 2014, and was complete.

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

Year	Number of Liens
2014	2
2013	2
2012	8

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. A separate report will be rendered if any irregularities develop after the date of the audit.

Comparison of Tax Levies and Collections Currently

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

	2014	2013	2012
Tax Levy	$ 2,923,425.41	$ 2,562,397.57	$ 2,610,610.43
Cash Collections	2,904,022.13	2,508,862.98	2,543,429.51
Percentage of Collections	99.34%	97.91%	97.43%

Comparative Schedule of Tax Rate Information

	2014	2013	2012
Tax Rate	1.376	1.207	1.234
Apportionment of Tax Rate:			
County	1.376	1.207	1.234
Assessed Valuation	212,214.,373	211,771,027	211,443,654

Comparative Schedule of Delinquent Taxes and Tax Title Liens

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

	2014	2013	2012
Amount of Tax Title Liens	$ 4,906.11	$ 3,062.85	$ 19,084.66
Delinquent Taxes	17,712.16	51,391.77	64,147.18
Total Delinquent	$ 22,618.27	$ 54,454.62	$ 83,231.84
Percentage of Tax Levy	0.77%	2.13%	3.19%

Comparative Schedule of Property Acquired by Tax Title Lien Liquidation

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

	2014	2013	2012
Property Acquired for Taxes (Assessed Valuation)	103,430.00	187,930.00	None

OTHER COMMENTS

Chief Financial Officer

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

The general ledger is not properly maintained.

Tax/Sewer Collector

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

Municipal Clerk

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

Corrective Action Plan

A corrective action plan for the 2013 audit was filed.

STATUS OF PRIOR RECOMMENDATIONS

2013-001 Finding:	A general ledger is not properly maintained as required by NJAC 5:30-5.7.
Status:	This finding has not been corrected.

FINDINGS AND RECOMMENDATIONS

2014-001 Finding:	A general ledger is not properly maintained as required by NJAC 5:30-5.7.
Recommendation:	A general ledger should be properly maintained as required by NJAC 5:30-5.7.

****

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

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

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

Respectfully submitted,

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