

**TOWNSHIP OF FRELINGHUYSEN
COUNTY OF WARREN
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2014**

TOWNSHIP OF FRELINGHUYSEN

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2014

AUDITORS' REPORTS



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Frelinghuysen
210 Main Street
County of Warren, Johnsonburg, New Jersey 07825

Report on the Financial Statements

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Township of Frelinghuysen, County of Warren, State of New Jersey (the "Township"), as of December 31, 2014 and 2013, and the related comparative statements 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, and the related notes to the financial statements for the year ended December 31, 2014, which collectively comprise the Township's basic financial statements 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 accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of

-Continued-

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 Township'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 to the financial statements, the Township prepares its financial statements in conformity with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting 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 Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or the results of its operations and changes in its fund balances for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2014 and 2013, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the years then ended, in conformity with accounting principals and practices as described in Note 1 to the financial statements.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements-regulatory basis. The supplementary information listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements-regulatory basis.

The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis 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-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements-regulatory basis taken as a whole, on the basis of accounting described in Note 1 to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2015, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

ARDITO & CO., LLP

A handwritten signature in black ink that reads "Ardito & Co., LLP". The signature is written in a cursive, flowing style.

Frenchtown, New Jersey
April 13, 2015

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

Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
April 13, 2015

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>12/31/13</u>
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$1,570,110	\$1,739,889
Due State of New Jersey - Veterans and Senior Citizens Deductions	A-10	<u>3,457</u>	<u>3,457</u>
		<u>\$1,573,567</u>	<u>\$1,743,346</u>
 Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	203,144	175,206
Tax Title Liens Receivable	A-7	109,300	93,441
Penalties on Delinquent Taxes	A-8	4,580	2,080
Property Acquired for Taxes - Assessed Valuation	A-9	418,700	418,700
Revenue Accounts Receivable	A-11	540	-
Amount Due Payroll	A	-	5,268
Amount Due From Dog License Fund	B	-	7,122
Amount Due From Grant Fund	A	-	-
Subtotal		<u>736,264</u>	<u>701,817</u>
 Deferred Charges:			
Special Emergency and Emergency Authorizations	A-26	<u>10,756</u>	<u>17,984</u>
		<u>2,320,587</u>	<u>2,463,147</u>
 Federal And State Grant Fund:			
Cash	A-4	143,243	144,885
Grants Receivable	A-22	27,067	26,000
Amount Due From Current Fund	A	39,792	42,271
Amount Due From General Capital Fund	C	<u>21,198</u>	<u>21,198</u>
Subtotal		<u>231,300</u>	<u>234,354</u>
 TOTAL ASSETS		 <u>\$ 2,551,887</u>	 <u>\$ 2,697,501</u>

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

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

LIABILITIES, RESERVES AND FUND BALANCE	<u>REF.</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>12/31/13</u>
Liabilities:			
Appropriation Reserves	A-3:13	\$ 21,820	\$ 8,561
Encumbrances Payable	A-12	13,790	-
Amount Due To Grant Fund	A	39,792	42,271
Amount Due To Other Trust Fund	B	15,396	85,280
Amount Due To General Capital Fund	C	-	132,169
Reserve for Cash Liabilities	A-14	1,644	1,643
Taxes Collected In Advance	A-15	38,436	35,905
County Taxes Payable	A-17	2,258	-
Local District School Taxes Payable	A-18	332,342	313,886
Regional High School Taxes Payable	A-19	604,333	592,605
Municipal Open Space Tax - Due Other Trust Fund	A-20	540	253
Reserve for Sale of Municipal Assets	A-21	<u>31,645</u>	<u>96,645</u>
Subtotal		<u>1,101,996</u>	<u>1,309,218</u>
Reserve For Receivables And Other Assets	A	736,264	701,817
Fund Balance	A-1	<u>482,327</u>	<u>452,112</u>
Subtotal		<u>2,320,587</u>	<u>2,463,147</u>
Federal And State Grant Fund:			
Due Other Trust Fund	B	1,446	1,446
Due Current Fund	A	-	-
Reserve For State Grants - Unappropriated	A-24	129,127	129,028
Reserve For State Grants	A-23	<u>100,727</u>	<u>103,880</u>
Subtotal		<u>231,300</u>	<u>234,354</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,551,887</u>	<u>\$ 2,697,501</u>

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

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR</u> <u>2014</u>	<u>YEAR</u> <u>2013</u>
Fund Balance Utilized	A-2	\$ 306,052	\$ 201,938
Miscellaneous Revenue Anticipated	A-2	468,222	429,237
Receipts From Delinquent Taxes	A-2	176,850	193,700
Receipts from Current Taxes	A-2	6,759,063	6,706,858
Non-Budget Revenues	A-2	23,387	46,311
Other Credits To Income:			
Unexpended Balance Of Appropriation Reserves	A-13	3,548	48,378
Interfund Returns	A/C	7,129	52,039
TOTAL INCOME		<u>7,744,251</u>	<u>7,678,461</u>

EXPENDITURES

Budget and Emergency Appropriations:			
Appropriations Within "CAP":			
Operations:			
Salaries and Wages	A-3	344,715	300,987
Other Expenses	A-3	327,902	324,425
Deferred Charges and Statutory Expenditures	A-3	61,764	56,177
Appropriations Excluded From "CAP":			
Other Operations	A-3	61,967	-
UCC Expenditures	A-3	53,143	65,024
Interlocal Agreements	A-3	5,202	5,100
Federal and State Grants	A-3	14,716	13,688
Capital Improvements	A-3	57,000	-
Debt Service	A-3	86,358	77,490
Deferred Charges and Statutory Expenditures	A-3	7,228	18,211
County Taxes	A-17	2,277,539	2,341,746
Amount Due County For Added and Omitted Taxes	A-17	2,258	1,387
Local District School Taxes	A-18	1,882,520	1,845,608
Regional High School Taxes	A-19	2,163,687	2,140,232
Municipal Open Space Tax	A-20	58,809	58,816
Interfund Advanced	B	-	3,714
Refund Of Prior Years Revenue	A-4	3,176	24,575
TOTAL EXPENDITURES		<u>7,407,984</u>	<u>7,277,180</u>

Excess in Revenue		336,267	401,281
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Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-25	-	671

Statutory Excess To Fund Balance		336,267	401,952
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Fund Balance January 1		<u>452,112</u>	<u>252,098</u>
		788,379	654,050

Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>306,052</u>	<u>201,938</u>

Fund Balance December 31		<u>\$ 482,327</u>	<u>\$ 452,112</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
Fund Balance Anticipated	A-2	\$ 306,052	\$ 306,052	
Miscellaneous Revenues				
Local Revenues:				
Licenses:				
Alcoholic Beverages	A-11	1,450	1,450	\$ -
Interest and Costs on Taxes	A-5	<u>36,005</u>	<u>36,188</u>	<u>183</u>
Total Local Revenues		<u>37,455</u>	<u>37,638</u>	<u>183</u>
State Aid:				
Consolidated Municipal Property Tax Relief Aid	A-11	3,247	3,247	
Energy Receipts Tax	A-11	181,624	181,624	
Garden State Trust Fund	A-11	<u>9,131</u>	<u>9,131</u>	
Total State Aid		<u>194,002</u>	<u>194,002</u>	
Dedicated Uniform Construction Code Fees				
Offset with Appropriations:				
Uniform Construction Code Fees	A-11	<u>44,000</u>	<u>34,226</u>	<u>(9,774)</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
Special Items Of Revenue Anticipated With Prior Written Consent of Local Government Services- Public and Private Revenues:				
Municipal Alliance Program	A-23	3,548	3,548	
Clean Communities Program	A-23	<u>9,868</u>	<u>9,868</u>	
Total Public and Private Revenues		<u>13,416</u>	<u>13,416</u>	
 Other Special Items:				
Sale of Municipal Assets	A-21	65,000	65,000	
Interlocal Agreement - Green Township - Construction Department	A-11	<u>53,143</u>	<u>123,940</u>	<u>70,797</u>
Total Other Special Items		<u>118,143</u>	<u>188,940</u>	<u>70,797</u>
 Total Miscellaneous Revenue		<u>407,016</u>	<u>468,222</u>	<u>61,206</u>
Receipts From Delinquent Taxes	A-6:7	<u>130,000</u>	<u>176,850</u>	<u>46,850</u>
Local Tax for Municipal Purposes	A-2	<u>604,207</u>	<u>801,433</u>	<u>197,226</u>
Total General Revenues		1,447,275	1,752,557	305,282
Non-Budget Revenues:				
Other Non-Budget Revenues	A-2	<u>-</u>	<u>23,387</u>	<u>23,387</u>
		<u>\$ 1,447,275</u>	<u>\$ 1,775,944</u>	<u>\$ 328,669</u>

REF.

A-3

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 3

REF.

ANALYSIS OF REALIZED REVENUES

Allocation Of Current Tax Collections:

Revenue from Collections	A-6	\$ 6,739,313
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>19,750</u>
		6,759,063

Allocated To:

School, County, and Open Space Taxes	A-6	<u>6,384,813</u>
Deficiency Supported by Municipal Revenues		374,250
Add(Decreased) by Appropriation: "Reserve For Uncollected Taxes"	A-3	<u>427,183</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 801,433</u>

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

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 4

ANALYSIS OF NON-BUDGET REVENUES

Miscellaneous Revenue Not Anticipated:

Treasurer:

Planning Board Fees	\$	100	
Fire Inspection Fees		1,205	
Zoning Fee		450	
Board of Adjustment Fees		100	
TV Cable Franchise Tax		2,109	
Interest on Investments		2,192	
Registrar Fees		600	
In Lieu Fees		1,000	
Sale of Municipal Assets		15,121	
EDRS Fees		50	
Miscellaneous	A-4	<u>460</u>	\$ <u>23,387</u>

Total Miscellaneous Revenue Not Anticipated A-2 \$ 23,387

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS within "CAPS"</u>	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELLED</u>
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 58,800	\$ 60,250	\$ 60,230	\$ 20	
Other Expenses	13,000	12,723	11,240	1,483	
Mayor and Council:					
Salaries and Wages	15,920	15,920	15,911	9	
Other Expenses	1,500	1,500	1,500		
Human Resources:					
Other Expenses	1,800	-	-		
Financial Administration(Treasury):					
Salaries and Wages	16,703	16,703	16,665	38	
Other Expenses	2,500	2,500	2,231	269	
Audit Services:					
Other Expenses	22,902	22,902	22,902		
Computerized Data Processing:					
Other Expenses	6,343	6,193	6,189	4	
Revenue Administration(Tax Collection):					
Salaries and Wages	15,000	15,000	15,000		
Other Expenses	2,300	2,300	2,097	203	
Tax Assessment Administration:					
Salaries and Wages	29,220	29,220	29,219	1	
Other Expenses	4,000	4,000	3,632	368	
Legal Services(Legal Dept.):					
Other Expenses	26,000	26,000	25,903	97	
Engineering Services:					
Other Expenses	6,800	6,800	6,772	28	

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELLED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages		518	516	2
Other Expenses	6,500	6,025	5,528	497
Zoning Officer:				
Salaries and Wages	5,360	5,360	5,353	7
Other Expenses	150	150	54	96
INSURANCE:				
Unemployment Insurance	3,113	2,113	2,037	76
General Liability Insurance	30,685	33,241	33,241	
Employee Group Health:	20,297	17,297	16,662	635
PUBLIC SAFETY FUNCTIONS:				
Office of Emergency Management:				
Salaries and Wages	1,350	1,350	1,329	21
Other Expenses	1,000	-	-	
Aid to Volunteer Fire Companies	12,000	12,000	12,000	
First Aid Organization-Contributions	17,000	17,000	17,000	
Fire Department:				
Other Expenses	14,734	14,734	14,734	
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	140,000	142,500	139,885	2,615
Other Expenses	64,246	64,246	58,564	5,682
Solid Waste Collection:				
Other Expenses:				
MiscellaneousOther Expenses - Solid Waste	2,500	2,500	2,306	194
MiscellaneousOther Expenses - Recycling	750	750	750	
Buildings and Grounds:				
Other Expenses	10,000	8,945	8,192	753

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELLED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Public Health Services:				
Salaries and Wages	825	825	812	13
Other Expenses	100	100	-	100
Environmental Health Services:				
Other Expenses	1,000	520	520	
Contribution to Social Service Agencies:				
Senior Citizens Center	2,500	2,500	2,500	
PARK AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Other Expenses	8,000	5,200	5,163	37
OTHER COMMON OPERATING FUNCTIONS:				
(Unclassified):				
Celebration of Public Events:				
Other Expenses	2,000	2,000	650	1,350
Accrued Vacation and Sick Leave	5,000	5,000	5,000	
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	5,000	4,886	3,557	1,329
Telephone (excluding equipment acquisition)	6,300	6,300	5,767	533
Fuel Oil	8,000	9,077	9,076	1
Gas	500	500	151	349
Diesel Fuel	14,000	16,000	15,411	589

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS within "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELLED</u>
MUNICIPAL COURT:					
Public Defender:					
Other Expenses	250	-			
CODE ENFORCEMENT AND ADMINISTRATION:					
Construction Code Official-Electrical Inspections:					
Salaries and Wages	42,584	40,584	40,485	99	
Other Expenses	4,300	4,300	2,130	2,170	
Plumbing Sub-Code Official:					
Salaries and Wages	14,150	14,150	14,150		
Fire Sub-Code Official					
Salaries and Wages	2,335	2,335	2,331	4	
Other Expenses	100	100	-	100	
Total Operations within "CAPS"	669,417	665,117	645,345	19,772	-
Contingent	7,500	7,500	5,863	1,637	
Total Operations including contingent within "CAPS"	676,917	672,617	651,208	21,409	-
Detail:					
Salaries and Wages	342,247	344,715	341,886	2,829	-
Other Expenses	334,670	327,902	309,322	18,580	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES within "CAPS":					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	27,000	31,300	30,890	410	
Contribution To:					
PERS	30,464	30,464	30,464		
Total Deferred Charges and Statutory Expenditures within "CAPS"	57,464	61,764	61,354	410	-
Total General Appropriations within "CAPS"	734,381	734,381	712,562	21,819	-

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELLED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>		
Operations Excluded from "CAPS":					
Other Operations Excluded from "CAPS":					
Insurance (N.J.S.A. 40A:4-45.3(00)):					
Employee Health Insurance	463	463	463		
Declared State of Emergency costs for Snow Removal:					
N.J.S.A. (40A:4-45.45(b)) and - 40A: 4-45.3(bb)	61,504	61,504	61,504		
Total Other Operations Excluded from "CAPS"	61,967	61,967	61,967		
UCC Expenses offset with Revenues from "CAPS":					
Building Sub-Code Official:					
Salaries and Wages	53,143	53,143	53,142	1	
Total UCC Expenses offset with Revenues	53,143	53,143	53,142	1	
Interlocal Municipal Service Agreements Excluded from "CAPS":					
Municipal Court(Knowlton Twp. Court)-Other Expenses	5,202	5,202	5,202		
Total Interlocal Municipal Service Agreements	5,202	5,202	5,202		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY APPROPRIATIONS- EXCLUDED FROM "CAPS":					
Federal and State Grants:					
Municipal Alliance On Alcoholism and Drug Abuse:					
Other Expenses:					
State Share	3,548	3,548	3,548		
Local Share	1,300	1,300	1,300		
Clean Communities Program:					
Other Expenses - CY	8,727	8,727	8,727		
Other Expenses - PY Unappropriated	1,141	1,141	1,141		
Total Public and Private Programs Offset by Revenues	14,716	14,716	14,716		
Total Operations Excluded from "CAPS"	135,028	135,028	135,027	1	
Detail:					
Salaries and Wages	53,143	53,143	53,142	1	
Other Expenses	81,885	81,885	81,885	-	

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

TRUST FUND
COMPARATIVE BALANCE SHEET

B

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>12/31/13</u>
Dog License Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	B-2	\$ 6,568	\$ 16,167
Other Trust Funds:			
Cash and Cash Equivalents:			
Cash - Treasurer	B-2	204,762	267,720
Amount Due Grants Fund	A	1,446	1,446
Amount Due Current Fund	B-6	<u>15,936</u>	<u>85,532</u>
Total Other Trust Funds		<u>222,144</u>	<u>354,698</u>
TOTAL ASSETS		<u>\$ 228,712</u>	<u>\$ 370,865</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Amount Due Current Fund	B-5	-	\$ 7,122
Reserve for Dog Fund Expenditures	B-3	\$ 6,567	9,044
Due State of New Jersey	B-4	<u>1</u>	<u>1</u>
Total Dog License Fund		<u>6,568</u>	<u>16,167</u>
Other Trust Fund:			
Amount Due General Capital Fund	C	-	3,368
Reserve for Driveway Bond Deposits	B-7	31,549	34,937
Reserve for Performance Bond Deposits	B-8	29,413	30,165
Reserve for Tax Sale Premiums	B-9	3,082	3,082
Reserve for Municipal Open Space Tax	B-10	135,271	169,090
Reserve for Driveway Inspection Deposits	B-11	2,896	3,336
Reserve for Accumulated Sick Pay	B-12	11,189	62,474
Reserve for Snow Removal	B-13	3,229	21,827
Reserve for Construction Inspections	B-14	1,300	1,300
Reserve for Coah Administration	B-15	<u>4,215</u>	<u>25,119</u>
Total Other Trust Fund		<u>222,144</u>	<u>354,698</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 228,712</u>	<u>\$ 370,865</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>12/31/13</u>
Cash and Cash Equivalents:			
Cash	C-2	\$ 3,159	\$ 2,918
Amount Due Current Fund	C-3	-	132,170
Amount Due Municipal Open Space Fund	C-9	-	3,368
Deferred Charges To Future Taxation:			
Funded	C-4a	284,828	284,828
Unfunded	C-4	<u>2,150,165</u>	<u>976,261</u>
TOTAL ASSETS		<u>\$ 2,438,152</u>	<u>\$ 1,399,545</u>

LIABILITIES, RESERVES AND FUND BALANCE

Reserve for Various Improvements	C-6	\$ 6,842	\$ 6,842
Bond Anticipation Notes	C-8	1,760,612	966,708
New Jersey DEP Loan	C-10	27,184	27,184
Amount Due Grants Fund	C-11	21,198	21,198
Encumbrances	C-12	13,510	-
Capital Improvement Fund	C-5	40,489	9,189
Improvement Authorizations - Unfunded	C-7	361,307	153,243
Improvement Authorizations - Funded	C-7	205,347	215,180
Fund Balance	C-1	<u>1,663</u>	<u>1</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,438,152</u>	<u>\$ 1,399,545</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2013	C	\$ 1
Increased by:		
Bond Anticipation Note Premium	C-3	<u>1,662</u>
Balance December 31, 2014	C	<u>\$ 1,663</u>

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

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

E

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>12/31/13</u>
Cash and Cash Equivalents:			
Cash - Treasurer	E-1	\$ 211	\$ 554
TOTAL ASSETS		<u>\$ 211</u>	<u>\$ 554</u>

LIABILITIES AND RESERVES

Reserve for Public Assistance		\$ 211	\$ 554
TOTAL LIABILITIES AND RESERVES		<u>\$ 211</u>	<u>\$ 554</u>

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

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2014

F

	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>12/31/13</u>
General Fixed Assets:		
Land	\$1,253,165	\$ 334,702
Buildings	922,103	922,103
Machinery and Equipment	<u>2,269,595</u>	<u>2,253,096</u>
Total General Fixed Assets	<u>4,444,863</u>	<u>3,509,901</u>
 Investment In General Fixed Assets	 <u>\$4,444,863</u>	 <u>\$3,509,901</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Frelinghuysen include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America(GAAP).

The accounting policies of the Township of Frelinghuysen 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 Frelinghuysen accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

Current Fund

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

Trust Funds

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

General Capital Fund

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

Public Assistance Fund

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

General Fixed Assets Account Group

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

C. Basis of Accounting

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

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

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

Expenditures--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Property Tax Revenue--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, May 15, August 15 and November 15. The Open Space Levy is paid quarterly to the Township's other trust funds on February 15, May 15, August 15 and November 15.

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting Principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Deferred School Taxes--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

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

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

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

General Fixed Assets--In accordance with Technical Accounting Directive No. 85-2, 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 municipality develops a fixed asset accounting and reporting system.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Budget and Budgetary Procedures--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund
Public Assistance Fund
Trust Fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget.

The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Expenditures--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Tax Appeals and Other Contingent Losses--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

Deferred Charges to Future Taxation Funded and Unfunded--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Departures from Generally Accepted Accounting Principles--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

Statutory-Basis Financial Statements--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 2: CASH AND CASH EQUIVALENTS (Continued)

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2014, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

As of December 31, 2014, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$1,928,053	\$1,928,053
	<u>\$1,928,053</u>	<u>\$1,928,053</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2014, was \$1,928,053 and the bank balance was \$1,914,844. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$274,359 was covered by federal depository insurances and \$1,640,485 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: LONG-TERM DEBT

	Beginning Balance	Issued	Paid	Ending Balance
Long Term Debt:				
Bond Anticipation Notes	\$ 966,708	\$ 880,650	\$ 86,746	\$ 1,760,612
State Loans	27,184	-		27,184
Total Long-Term Debt	<u>\$ 993,892</u>	<u>880,650</u>	<u>\$ 86,746</u>	<u>\$ 1,787,796</u>

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2014</u>	YEAR <u>2013</u>	YEAR <u>2012</u>
<u>Issued</u>			
Net Debt Issued	\$ 1,787,796	\$ 993,892	\$ 959,185
<u>Authorized But Not Issued</u>			
Total Authorized But Not Issued	<u>647,197</u>	<u>267,197</u>	<u>267,859</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,434,993</u>	<u>\$ 1,261,089</u>	<u>\$ 1,227,044</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .802%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	None	None	-
Local School District Debt	None	None	-
General Debt	<u>\$ 2,434,993</u>	-	<u>\$ 2,434,993</u>
	<u>\$ 2,434,993</u>	<u>-</u>	<u>\$ 2,434,993</u>

Net Debt \$2,434,993 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended, \$ 303,651,904 ,equals 0.802%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: LONG-TERM DEBT (Continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 10,627,817
Net Debt	<u>2,434,993</u>
Remaining Borrowing Power	<u>\$ 8,192,824</u>

New Jersey DEP Loans

The Township entered into a loan agreement on September 8, 2008 with the State of New Jersey Department of Environmental Protection for a Lake and Stream Restoration Loan for \$250,000. As of December 31, 2014, \$27,184 in loan proceeds have been drawn down. The maturity schedule on this loan has not yet been determined since the payments will commence upon final drawdown. The interest rate on the loan is 2.0%.

Bond Anticipation Notes

The Township has outstanding at December 31, 2014, bond anticipation notes in the amount of \$879,962 payable to Roosevelt & Cross, Inc. This note matures on June 16, 2015. The interest rate on the note was 1.00%. Principal and interest on this note is paid from the current fund budget of the Township and the Municipal Open Space Trust Fund.

The Township has outstanding at December 31, 2014, bond anticipation notes in the amount of \$880,659 payable to Wells Fargo Trust, Two Rivers Water Recl Authority. This note matures on June 16, 2015. The interest rate on the note was 0.87%. Principal and interest on this note is paid from the current fund budget of the Municipal Open Space Trust Fund.

	<u>Debt</u>
	<u>Outstanding</u>
Total General Capital Loans Above	<u>\$ 1,787,796</u>

Note 4: GENERAL FIXED ASSETS

The following is a summary of changes in the general fixed assets:

	Balance Beginning of Year	Additions	Adjustments/ Deletions	Balance End of Year
Land	\$ 334,702	918,463		\$ 1,253,165
Buildings	922,103	-		922,103
Equipment	<u>2,253,096</u>	<u>\$ 16,499</u>	<u>-</u>	<u>2,269,595</u>
	<u>\$ 3,509,901</u>	<u>\$ 934,962</u>	<u>-</u>	<u>\$ 4,444,863</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2014, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015, were as follows:

Current Fund - \$316,202 (Introduced)

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the Township had \$7,031 in deferred charges, that will be raised in subsequent budgets over a five year period through 2016 in accordance with 40A:4-53 (Special Emergencies), and \$3,725 in deferred charges, that will be raised in subsequent budgets over a five year period through 2016 in accordance with 40A:4-55.1 (Special Emergencies).

The appropriations in the 2015 Budget are not less than that are required by statute.

Note 7: SCHOOL TAXES

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL DEFERRED TAX <u>12/31/14</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/14</u>	BALANCE <u>12/31/13</u>	TOTAL DEFERRED TAX <u>12/31/13</u>	REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/14</u>	BALANCE <u>12/31/13</u>
Balance of Tax		\$ 941,260	\$ 922,804		\$ 1,081,844	\$ 1,070,116
Deferred		<u>608,918</u>	<u>608,918</u>		<u>477,511</u>	<u>477,511</u>
Tax Payable		<u>\$ 332,342</u>	<u>\$ 313,886</u>		<u>\$ 604,333</u>	<u>\$ 592,605</u>
Tax Deferred	<u>\$ 1,086,429</u>			<u>\$ 1,086,429</u>		

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 8: PENSIONS

Description of Plans - All required employees of the Township are covered by the Public Employees' Retirement System which has been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 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 mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Township's normal contributions to the Fund may be reduced based on the revaluation of assets.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 8: PENSIONS (Continued)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2014	\$30,464	100%	-0-
2013	\$27,978	100%	-0-
2012	\$29,021	100%	-0-

Note 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 10: LEASES

The Township has not entered into any long-term lease agreements except for equipment which can be capitalized as installment purchases of fixed assets in accordance with Technical Accounting Directive No. 85-2.

Note 11: ACCRUED SICK AND VACATION BENEFITS

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

The Township has permitted employees to accrue unused sick pay, which may be otherwise resolved at a later date. There is provision for accruing of vacation days if not currently used. The amount of such accrual as of December 31, 2014, is approximately \$85,000.

In accordance with New Jersey principles, the amount is not reported as an expenditure when the vacation or sick time is used by the employee. The municipality also elected to fund a trust account for the purposes of accumulating funds for the future payment of vacation/sick time as per New Jersey statutes. An annual appropriation is adopted in the annual operating budget and appropriated amounts are transferred to the trust account.

Note 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

LITIGATION

There are no pending lawsuits against the Township.

Note 13: OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 13: OTHER REQUIRED DISCLOSURES (Continued)

- A. Excesses of expenditures over appropriations in individual funds. There were no excess of expenditures over appropriations in any of the individual funds where budgets were required or employed as a management control device.
- B. Deficit fund balances or retained earnings balances of individual funds. There were no deficits in fund balances or retained earnings in any of the individual funds, except as noted in Note 6.
- C. Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2014:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	-	\$ 55,728
Federal/State Grants Fund	\$ 60,990	1,446
Dog License Fund	-	-
Other Trust Funds	17,382	-
General Capital Fund	-	21,198
	<u>\$ 78,372</u>	<u>\$ 78,372</u>

Note 14: RISK FINANCING

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

PART I I
SUPPLEMENTARY INFORMATION

CURRENT FUND SCHEDULES

CURRENT FUND
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>		<u>GRANTS FUND</u>
Balance December 31, 2013	A	\$ 1,739,889		\$ 144,885
Increased by Receipts:				
Collector	A-5	\$ 6,955,695		
Miscellaneous Revenue Not Anticipated	A-2	23,387		
Revenue Accounts Receivable	A-11	353,618		
Amount Due State of N.J. for Senior Citizens/Veterans Deductions	A-10	19,750		
Payroll Taxes	A-14	1		
State Grant Funds	A-23:25	11,838		72
Amount Due Dog Fund	B	7,122	7,371,411	-
			9,111,300	144,957
Decreased by Disbursements:				
Refund Prior Year Revenue	A-1	341		
2013 Appropriation Reserves	A-13	5,013		
Reserve for Encumbrances	A-12	962,441		
Tax Overpayments Refunded	A-16	813		
County Taxes	A-17	2,277,539		
Local District School Tax	A-18	1,864,064		
Regional High School Tax	A-19	2,151,959		
Open Space Tax	A-20	58,522		
State Grant Funds	A-24	15,966		1,364
Amount Due General Capital Fund	C	132,169		
Amount Due Dog Fund	B			
Amount Due Other Trust	B	69,884		
Amount Due Grants Fund	A	2,479		
Amount Due Current Fund	A	-	7,541,190	350
			7,541,190	1,714
			<u>\$ 1,570,110</u>	<u>\$ 143,243</u>
Balance December 31, 2014	A			

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

	<u>REF.</u>		
Received:			
Interest and Costs on Taxes	A-2	\$ 36,188	
Taxes Receivable	A-6	6,880,258	
2015 Prepaid Taxes	A-15	38,436	
Tax Overpayments	A-16	<u>813</u>	<u>\$ 6,955,695</u>
Decreased by Disbursements:			
Payments to Treasurer	A-4		<u>\$ 6,955,695</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2013	A	\$ 93,441
Increased by:		
Interest and Costs		\$ 22
Transfers from Taxes Receivable	A-6	<u>15,837</u> <u>15,859</u>
		109,300
Decreased by:		
Balance December 31, 2014	A	<u>\$ 109,300</u>

CURRENT FUND
SCHEDULE OF PENALTIES ON DELINQUENT TAXES

A-8

	<u>REF.</u>	
Balance December 31, 2013	A	\$ 2,080
Increased by:		
Penalties Assessed		<u>2,500</u>
		4,580
Balance December 31, 2014	A	<u>\$ 4,580</u>

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES -
ASSESSED VALUATION

A-9

	<u>REF.</u>	
Balance December 31, 2013	A	<u>\$418,700</u>
Balance December 31, 2014	A	<u>\$418,700</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-10

	<u>REF.</u>	
Balance December 31, 2013	A	\$ 3,457
Increased by:		
Received in Cash from State	A-4	<u>19,750</u>
		23,207
Decreased by:		
Senior Citizens Deductions per Tax Billings	A-6	\$ 3,000
Veterans Deductions per Tax Billings	A-6	<u>16,750</u>
		<u>19,750</u>
 Balance December 31, 2014	 A	 <u>\$ 3,457</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-11

		BALANCE	ACCRUED	COLLECTED	BALANCE
	REF.	12/31/13	IN 2014	BY	12/31/14
				TREASURER	
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		\$ 1,450	\$ 1,450	
Uniform Construction Code Fees	A-2		34,766	34,226	\$ 540
Consolidated Municipal Property Tax Relief Aid	A-2		3,247	3,247	
Energy Receipts Tax	A-2		181,624	181,624	
Garden State Trust Fund	A-2		9,131	9,131	
Interlocal Agreement-Green Township	A-2		123,940	123,940	
Totals			- \$ 354,158	\$ 353,618	540
	REF.		A	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-12

REF.

Increased by:

Budget Encumbrances Appropriated	A-3	\$ 976,231	<u>976,231</u>
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Decreased by:

Transfer to Appropriation Reserve	A-13	-	
Encumbrances Paid	A-4	<u>\$ 962,441</u>	<u>\$ 962,441</u>

Balance December 31, 2014	A		<u>\$ 13,790</u>
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CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2013

A-13

	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
General Administration:				
Salary and Wages			\$ (573)	\$ 573
Other Expenses	\$ 118	\$ 357	13	344
Financial Admin:				
Other Expenses	95	-	-	-
Tax Assessment Administration:				
Other Expenses	2	357	357	-
Legal Services:				
Other Expenses	1,606	1,500	1,500	-
Engineering Services:				
Other Expenses	46	470	469	1
Planning Board:				
Other Expenses	-	-	(840)	840
Land Use:				
Other Expenses	255	255	253	2
Building Sub-code Official:				
Other Expenses	60	60	(73)	133
Road Repairs and Maintenance:				
Other Expenses	685	1,572	1,572	-
Buildings and Grounds:				
Other Expenses	5	397	396	1
Board of Health:				
Salary and Wages	336	1	-	1
Other Expenses	100			-
Contingent	50	50	50	
Celebration fo Public Events:				
Other Expenses	350	-	-	-
Utility Expenses:				
Electricity	1,859	585	584	1
Telephone	265	507	506	1
Fuel Oil	610	10		10
Deisel	297	799	799	-
Public Defender:				
Other Expenses	250	69	-	69
Other Accounts - No Change	1,572	1,572	-	1,572
TOTALS	\$ 8,561	\$ 8,561	\$ 5,013	\$ 3,548

REF.		A		A-4	A-1
	Appropriation Reserve	\$ 8,561			
	Encumbrances	-			
		<u>\$ 8,561</u>			

CURRENT FUND
SCHEDULE OF CASH LIABILITIES AND RESERVES

A-14

	<u>BALANCE</u> <u>12/31/13</u>	<u>INCREASED</u>	<u>BALANCE</u> <u>12/31/14</u>
Due State of New Jersey - Fees	\$ 1,643	\$ 1	\$ 1,644
	<u>\$ 1,643</u>	<u>\$ 1</u>	<u>\$ 1,644</u>
	A	A-4	A

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-15

	<u>REF.</u>	
Balance December 31, 2013	A	\$ 35,905
Increased by:		
2015 Taxes Collected in Advance	A-5	<u>38,436</u>
		74,341
Decreased by:		
Applied to 2014 Taxes Receivable	A-6	<u>35,905</u>
Balance December 31, 2014	A	<u>\$ 38,436</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-16

REF.

Increased by:

Tax Overpayments

A-5 \$ 813

Decreased by:

Refunded

A-4 \$ 813

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-17

REF.

Increased by:

2014 Levy:

County Taxes	\$ 1,986,771	
County Library Taxes	157,773	
County Open Space Tax	132,995	
Prior Year Added and Omitted Taxes	<u>2,258</u>	

A-1:6		\$ <u>2,279,797</u>
		2,279,797

Decreased by:

Payments

A-4		<u>2,277,539</u>
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Balance December 31, 2014

A		<u>\$ 2,258</u>
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CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-18

REF.

Balance December 31, 2013:

School Tax Payable	A	\$ 313,886	
School Tax Deferred		<u>608,918</u>	<u>\$ 922,804</u>

Increased by:

Levy - School Year July 1, 2014 to June 30, 2015	A-6		<u>1,882,520</u>
			2,805,324

Decreased by:

Payments	A-4		<u>1,864,064</u>
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Balance December 31, 2014:

School Tax Payable	A	332,342	
School Tax Deferred		<u>608,918</u>	<u>\$ 941,260</u>

2014 Liability for Local District School Tax:

Tax Paid			\$ 1,864,064
Tax Payable 12/31/14			<u>941,260</u>
			2,805,324

Less -- Tax Payable 12/31/13			<u>922,804</u>
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Amount Charged to 2014 Operations

	A-1		<u>\$ 1,882,520</u>
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CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-19

	<u>REF.</u>		
Balance December 31, 2013:			
School Tax Payable	A	\$ 592,605	
School Tax Deferred		<u>477,511</u>	\$ 1,070,116
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015	A-6	<u>2,163,687</u>	<u>3,233,803</u>
Decreased by:			
Payments	A-4	<u>2,151,959</u>	
Balance December 31, 2014:			
School Tax Payable	A	604,333	
School Tax Deferred		<u>477,511</u>	<u>\$ 1,081,844</u>
2014 Liability for Regional High School Tax:			
Tax Paid			\$ 2,151,959
Tax Payable 12/31/14			<u>1,081,844</u>
			<u>3,233,803</u>
Less -- Tax Payable 12/31/13			<u>1,070,116</u>
Amount Charged to 2014 Operations	A-1		<u>\$ 2,163,687</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-20

	<u>REF.</u>	
Balance December 31, 2013	A	\$ 253
Increased by:		
2014 Municipal Open Space Tax	A-6	<u>58,809</u>
		59,062
Decreased by:		
Transfer to Trust	A-4	<u>58,522</u>
Balance December 31, 2014	A	<u>\$ 540</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

A-21

	<u>REF.</u>	
Balance December 31, 2013	A	\$ 96,645
Decreased by:		
Utilized as Anticipated Revenue - 2014 Budget	A-2	<u>65,000</u>
Balance December 31, 2014	A	<u>\$ 31,645</u>

CURRENT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE

A-22

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BUDGET</u> <u>REVENUE</u> <u>REALIZED</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/14</u>
Clean Communities	-	\$ 8,727	\$ 8,188	\$ 539	-
Municipal Alliance - Alcohol and Drugs	-	3,548	2,481		\$ 1,067
Highlands Grant	\$ 15,000				15,000
Tonnage Grant	1,000				1,000
Storm Water Grant	5,000				5,000
Walmart Grant	5,000				5,000
Totals	<u>\$ 26,000</u>	<u>\$ 12,275</u>	<u>\$ 10,669</u>	<u>\$ 539</u>	<u>\$ 27,067</u>
REF.	A	A-2	A-4	A-23	A

CURRENT FUND
SCHEDULE OF STATE GRANTS

A-23

	<u>BALANCE</u> <u>12/31/13</u>	<u>TRANSFER</u> <u>FROM</u> <u>2014 BUDGET</u> <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/14</u>
Recycling Tonage Grant	\$ 5,967				\$ 5,967
Clean Communities	3,845	\$ 9,868	\$ 9,045	\$ 539	4,129
Environmental OES Grant:					
Local	7,331				7,331
Small Cities	24,452				24,452
State of NJ - DOT - Kerrs Corner Road-Phase II	33,100				33,100
Municipal Court - Alcohol	639				639
Storm water Grant	7,727				7,727
SLAHEOP	2,406				2,406
Highlands Grant	407				407
Green Comm Ph II NJDEP	3,000		3,000		-
Warren County Pollution Control-Prior Years	2,131				2,131
ANJEC Grant-Prior Years	1,530				1,530
Municipal Alliance					
State	4,013	3,548	4,912		2,649
Local	-	1,300	373		927
Walmart Grant	7,332				7,332
Totals	<u>\$ 103,880</u>	<u>\$ 14,716</u>	<u>\$ 17,330</u>	<u>\$ 539</u>	<u>\$ 100,727</u>
REF.	A	A-3	A-4	A-22	A

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVE FOR STATE GRANTS

A-24

	BALANCE <u>12/31/13</u>	TRANSFER TO 2014 BUDGET <u>APPROPRIATIONS</u>	RECEIVED	CANCELED	BALANCE <u>12/31/14</u>
Recycling Tonnage Grant			\$ 1,241		\$ 1,241
Clean Communities	\$ 1,142	\$ 1,141		\$ 1	-
Small Cities	127,886				127,886
	<u>\$129,028</u>	<u>\$ 1,141</u>	<u>\$ 1,241</u>	<u>\$ 1</u>	<u>\$ 129,127</u>
REF.	A	A-24	A-4	A-1	A

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS

A-25

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/13</u>	<u>APPROPRIATED 2014 BUDGET</u>	<u>BALANCE 12/31/14</u>
Special Emergency (40A:4-53)	Tax Maps	4/15/09	\$ 5,890	\$ 1,178	\$ 1,178	-
Special Emergency (40A:4-53)	Hurricane Irene	11/23/11	17,579	10,547	3,516	\$ 7,031
Special Emergency (40A:4-55.1)	Trop. Storm Lee	12/21/11	9,314	5,588	1,863	3,725
Emergency (40A:4-46)	Health Serv. Wages	9/10/13	671	671	671	-
Totals				\$ 17,984	\$ 7,228	\$ 10,756
REF.				A	A-3	A

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>	
	<u>REF.</u>	<u>LICENSES</u>	<u>OTHER</u>
Balance December 31, 2013	B	\$ 16,167	\$ 267,720
Increased by Receipts:			
Dog License Fees	B-3	6,951	
State Dog License Fees	B-4	839	
Amount Due Current Fund	B-5:6	8	58,522
Driveway Bonds Deposits	B-7		12
Performance Bond Deposits	B-8		21,536
Open Space Deposits	B-10		1,086
Driveway Inspection Deposits	B-11		2
COAH Deposits	B-15	-	113
Total Receipts		<u>7,798</u>	<u>81,271</u>
		<u>23,965</u>	<u>348,991</u>
Decreased by Disbursements:			
Dog Administration Expenses	B-3	2,174	
State Dog License Fees	B-4	839	
Amount Due Current Fund	B-5:6	14,384	
Amount Due General Capital	C		3,368
Driveway Bond Refunds	B-7		3,400
Performance Bond Refunds	B-8		22,288
Open Space Expenditures	B-10		93,714
Driveway Inspection Refunds	B-11		442
COAH Refunds	B-15	-	21,017
Total Disbursements		<u>17,397</u>	<u>144,229</u>
Balance December 31, 2014	B	<u>\$ 6,568</u>	<u>\$ 204,762</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2013	B	\$ 9,044
Increased by:		
Dog License Fees Collected	B-2	<u>6,951</u> 15,995
Decreased by:		
Administration Expenses-Paid by Current Fund	B-5	\$ 7,254
Administration Expenses	B-2	<u>2,174</u> <u>9,428</u>
Balance December 31, 2014	B	<u>\$ 6,567</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 10,865
2013	<u>8,666</u>
	<u>\$ 19,531</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF
NEW JERSEY DEPARTMENT OF HEALTH

B-4

	<u>REF.</u>	
Balance December 31, 2013	B	\$ 1
Increased by:		
Collected in 2014:		
State Board of Health Fees	B-2	<u>839</u> 840
Decreased by:		
Payments	B-2	<u>839</u>
Balance December 31, 2014	B	\$ <u>1</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>		
Balance December 31, 2013	B	\$	7,122
Increased by:			
Administration Expenses-Paid by Current Fund	B-3	\$	7,254
Interest Credits Due Current Fund	B-2	8	<u>7,262</u>
			14,384
Decreased by:			
Due To Current Fund	B-2		<u>14,384</u>
Balance December 31, 2014	B		<u><u>-</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE FROM CURRENT FUND
OTHER TRUST FUND

B-6

	<u>REF.</u>		
Balance December 31, 2013	B		\$ 85,532
Increased by:			
Accumulated Sick Pay Budget Appropriation	B-12	\$ 5,000	
Open Space Levy-Including Added Taxes	B-10	<u>58,809</u>	<u>63,809</u>
			149,341
Decreased by:			
Due Current Fund-Interfund Received-Open Space	B-2	58,522	
Vaction Buyouts Paid by Current Fund	B-12	56,285	
Snow Removal Expenses Paid by Current Fund	B-13	<u>18,598</u>	<u>133,405</u>
Balance December 31, 2014	B		<u>\$ 15,936</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS DEPOSITS

B-7

	<u>REF.</u>	
Balance December 31, 2013	B	\$ 34,937
Increased by:		
Driveway Bonds Deposits	B-2	<u> 12</u> 34,949
Decreased by:		
Driveway Bond Refunds	B-2	<u> 3,400</u>
Balance December 31, 2014	B	<u>\$ 31,549</u>

TRUST FUND
SCHEDULE OF RESERVE FOR PERFORMANCE BOND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2013	B	\$ 30,165
Increased by:		
Performance Bonds Deposits	B-2	<u>21,536</u>
		51,701
Decreased by:		
Bond Deposits Returned	B-2	<u>22,288</u>
Balance December 31, 2014	B	<u>\$ 29,413</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-9

	<u>REF.</u>	
Balance December 31, 2013	B	\$ 3,082
Balance December 31, 2014	B	<u>\$ 3,082</u>
		Tax Sale Certificate \$ 600
		Accumulated Interest <u>2,482</u>
		<u>\$ 3,082</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TAX

B-10

	<u>REF.</u>	
Balance December 31, 2013	B	\$ 169,090
Increased by:		
Tax Levy	B-6	\$ 58,751
Tax Levy - Added	B-6	58
Grants and Reimbursements	B-2	1,000
Interest Credits	B-2	86
		59,895
		228,985
Decreased by:		
Open Space Debt Service Principal and Interest On Bond Anticipation Note	B-2	11,475
Down Payment on Capital Ordinance 2014-12	B-2	45,450
Deposit on Kids Camp Purchase	B-2	10,000
Other Open Space Expenditures	B-2	26,789
		93,714
Balance December 31, 2014	B	\$ 135,271

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY INSPECTIONS

B-11

	<u>REF.</u>	
Balance December 31, 2013	B	\$ 3,336
Increased by:		
Driveway Inspection Deposits	B-2	<u> 2</u> 3,338
Decreased by:		
Driveway Inspections	B-2	<u> 442</u>
Balance December 31, 2014	B	<u>\$ 2,896</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ACCUMULATED SICK PAY

B-12

	<u>REF.</u>	
Balance December 31, 2013	B	\$ 62,474
Increased by:		
Accumulated Sick Pay - Due Current Fund	B-6	<u>5,000</u>
		67,474
Decreased by:		
Vacation Buyouts	B-6	<u>56,285</u>
Balance December 31, 2014	B	<u>\$ 11,189</u>

TRUST FUND
SCHEDULE OF RESERVE FOR SNOW REMOVAL

B-13

REF.

Balance December 31, 2013	B	\$ 21,827
Decreased by:		
Snow Reserve Expenses Paid By Current Fund	B-6	<u>18,598</u>
Balance December 31, 2014	B	<u>\$ 3,229</u>

TRUST FUND
SCHEDULE OF RESERVE FOR CONSTRUCTION INSPECTIONS

B-14

	<u>REF.</u>	
Balance December 31, 2013	B	<u>\$ 1,300</u>
Balance December 31, 2014	B	<u>\$ 1,300</u>

TRUST FUND
SCHEDULE OF RESERVE FOR COAH

B-15

REF.

Balance December 31, 2013	B	\$ 25,119
Increased by:		
COAH Deposits	B-2	<u> 113</u> 25,232
Decreased by:		
COAH Refunds	B-2	<u> 21,017</u>
Balance December 31, 2014	B	<u> \$ 4,215</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2013	C	\$	2,918
Increased by:			
Interest Credits	C-3	\$	20
Capital Improvement Fund Budgeted Appropriation	C-5		57,000
Bond Anticipation Note Proceeds	C-8		880,650
Interfund Advanced - Municipal Open Space Trust Fund	C-9		48,818
Interfund Advanced - Current Fund	C-3		<u>159,234</u>
			<u>1,145,722</u>
			1,148,640
Decreased by:			
Interfund Returned - Current Fund	C-3		25,422
Preliminary Costs	C-5		4,800
Improvement Authorizations	C-7		<u>1,115,259</u>
			<u>1,145,481</u>
Balance December 31, 2014	C	\$	<u>3,159</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>		
Balance December 31, 2013	C		\$ 132,170
Increased by:			
Interfund Returned - Current Fund	C-2	\$ 25,422	
Bond Anticipation Note Premium Received in Current Fund	C-1	<u>1,662</u>	<u>27,084</u>
			159,254
Decreased by:			
Interest Received	C-2	20	
Interfund Advanced - Current Fund	C-2	<u>159,234</u>	<u>159,254</u>
Balance December 31, 2014	C		<u><u> -</u></u>

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

C-4a

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>ANALYSIS OF BALANCE</u>	
			<u>BONDS/NOTES</u> <u>AUTHORIZED</u> <u>NOT ISSUED</u>	<u>BONDS</u> <u>AND NOTES</u> <u>ISSUED</u>
Lake and Stream Restoration-NJDEP Loan	\$ 250,000	\$ 250,000	\$ 222,816	\$ 27,184
Recreation Complex-NJDEP Loan	34,828	34,828	34,828	-
	<u>\$ 284,828</u>	<u>\$ 284,828</u>	<u>\$ 257,644</u>	<u>\$ 27,184</u>
REF.	C	C		C-10

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

C-4

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/13</u>	<u>2014</u> <u>AUTHORIZATIONS</u>	<u>PAID BY</u> <u>MUNIC. OPEN</u> <u>SPACE BUDGET</u>	<u>PAID BY</u> <u>CURRENT</u> <u>BUDGET</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>ANALYSIS OF BALANCE</u>	
						<u>BONDS/NOTES</u> <u>AUTHORIZED</u> <u>NOT ISSUED</u>	<u>BONDS</u> <u>AND NOTES</u> <u>ISSUED</u>
Acquisition of five (5) Acres Real Property	\$ 33,279		\$ 11,092		\$ 22,187		\$ 22,187
Reconstruction of State park Road	9,552				9,552	\$ 9,552	-
Lanning Rd, Road Equipment, Sidewalks, Computers, Recorder, Garage Cement Floor, Ball Field Barricade, Mobile Comm. Equip., Site Survey	8,573			\$ 8,573	-		-
Reconstruction of Various Roads, Basins, Mower, Municipal Building HVAC & Security	51,188			10,605	40,583		40,583
Reconstruction of State Park Road (Phase II)	14,191			2,838	11,353		11,353
Storage Tank, HVAC, Blower, Imps to Rec. Fields & various Township Roads	112,560			18,760	93,800		93,800
State Park Road Phase III	35,000			5,000	30,000		30,000
Truck, Mower, Road Resurfacing	145,903			20,843	125,060	1	125,059
Scanner, Generator, Twsp Garage Improvements, Lot, Walking Track, Ball Field, Storm Drains, Signs, DPW Equipment	81,310			9,035	72,275		72,275
Acquisition of a fire truck, portable fire pumps, and accessories; turnout gear for the Blairstown and Hope Fire Department, Resurfacing of various roads; Lincoln Laurel road and Road Vacations engineering study	193,000				193,000		193,000
Kerrs Corner Road Work	180,000				180,000		180,000
Lanning Road, Lincoln Laurel Road, Bear Creek Road Improvements, Clerk Recorder, DPW Garage Improvements, Dump Truck, Rec. Facility surveys and studies, Town Hall Septic System, Fire Dept Rescue Tools.	111,705				111,705		111,705
Pipe crossing replacement and road overlay for various roads, basin repair, road signage, DPW truck, and salt shed		\$ 380,000			380,000	380,000	-
Acquisition of Real Property (100 Acres) B/L 104/10 & 104/10x		863,550			863,550		863,550
Acquisition of Real Property (2 Acres) and Buildings and Structures B/L 104/10 & 104/10x		17,100			17,100		17,100
	\$ 976,261	\$ 1,260,650	\$ 11,092	\$ 75,654	2,150,165	\$ 389,553	\$ 1,760,612
REF.	C	C-7	C-8	C-8	C		C-8

GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

C-5

	<u>REF.</u>	
Balance December 31, 2013	C	\$ 9,189
Increased by:		
Current Fund Budgeted Appropriation	C-2	<u>57,000</u>
		66,189
Decreased by:		
Direct Charges for Preliminary Costs	C-2	\$ 4,800
Appropriated to Finance Improvement Authorizations	C-7	<u>20,900</u> <u>25,700</u>
Balance December 31, 2014	C	<u>\$ 40,489</u>

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

C-6

REF.

Balance December 31, 2013	C	<u>\$ 6,842</u>
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Balance December 31, 2014	C	<u>\$ 6,842</u>
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Detail:

Improvement to Municipal Building	\$ 4,426
Improvements to Office Equipment	1,416
Improvements to Municipal Garage	<u>1,000</u>
	<u>\$ 6,842</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

IMPROVEMENT DESCRIPTION	NUMBER	ORDINANCE DATE	AMOUNT	BALANCE 12/31/13		DEFERRED CHARGES TO FUTURE TAXATION	MUNICIPAL OPEN SPACE TRUST	CAPITAL IMPROVEMENT FUND	RECLASS	PAID OR CHARGED	BALANCE 12/31/14	
				FUNDED	UNFUNDED						FUNDED	UNFUNDED
Lake and Stream Restoration-NJDEP Loan	2007-11	7/18/07	262,500	\$ 215,180						9,833	\$ 205,347	
Truck, Mower, Road Resurfacing	2010-04	5/19/10	219,400		6,597					132	\$	6,465
Scanner, Generator, Twsp Garage Improvements, Lot, Walking Track, Ball Field, Storm Drains, Signs, DPW Equipment	2011-08	5/18/11	95,100		141					131		10
Acquisition of a fire truck, portable fire pumps, and accessories; turnout gear for the Blairstown and Hope Fire Department, Resurfacing of various roads; Lincoln Laurel road and Road Vacations engineering study	2012-04	5/16/12	382,650		87,500					16,499		71,001
Kerrs Corner Road Work	2012-06	7/18/12	189,000		12,164					132		12,032
Lanning Road, Lincoln Laurel Road, Bear Creek Road Improvements, Clerk Recorder, DPW Garage Improvements, Dump Truck, Rec. Facility surveys and studies, Town Hall Septic System, Fire Dept Rescue Tools.	2013-06	5/15/13	117,335		46,841					12,999		33,842
Pipe crossing replacement and road overlay for various roads, basin repair, road signage, DPW truck, and salt shed	2014-08	6/18/14	400,000			\$ 380,000		\$ 20,000		170,580		229,420
Acquisition of Real Property (100 Acres) B/L 104/10 & 104/10x	2014-10 & 2014-12	8/20/14	909,000			863,550	\$ 45,450			902,463		6,537
Acquisition of Real Property (2 Acres) and Buildings and Structures B/L 104/10 & 104/10x	2014-13	10/30/14	18,000			17,100		900		16,000		2,000
				\$ 215,180	\$ 153,243	\$ 1,260,650	\$ 45,450	\$ 20,900	-	\$ 1,128,769	\$ 205,347	\$ 361,307
REF.				C	C	C-4	C-9	C-5		C-2	C	C
								C-2		\$ 1,115,259		
								C-12		13,510		
										\$ 1,128,769		

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-8

PURPOSE	ORIGINAL ISSUE	ORIGINAL DATE OF ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE 12/31/13	INCREASED	DECREASED	BALANCE 12/31/14
Lanning Rd, Road Equipment, Sidewalks, Computers, Recorder, Garage Cement Floor, Ball Field Barricade, Mobile Comm. Equip., Site Survey	\$ 85,215	7/6/07	6/17/14	6/16/15	1.00%	\$ 8,573		\$ 8,573	-
Reconstruction of Various Roads, Basins, Mower, Municipal Building HVAC & Security	\$ 106,052	6/24/08	6/17/14	6/16/15	1.00%	51,189		10,605	\$ 40,584
Reconstruction of State Park Road (Phase II)	\$ 171,425	6/24/08	6/17/14	6/16/15	1.00%	14,191		2,838	11,353
Storage Tank, HVAC, Blower, Imps to Rec. Fields & various Township Roads	\$ 187,600	6/23/09	6/17/14	6/16/15	1.00%	112,560		18,760	93,800
Acquisition of Land	\$ 514,200	11/8/06	6/17/14	6/16/15	1.00%	33,279		11,092	22,187
State Park Road Phase III	\$ 50,000	06/22/10	6/17/14	6/16/15	1.00%	35,000		5,000	30,000
Truck, Mower, Road Resurfacing	\$ 208,430	06/22/10	6/17/14	6/16/15	1.00%	145,901		20,843	125,058
Scanner, Generator, Twsp Garage Improvements, Lot, Walking Track, Ball Field, Storm Drains, Signs, DPW Equipment	\$ 90,345	06/20/11	6/17/14	6/16/15	1.00%	81,310		9,035	72,275
Acquisition of a fire truck, portable fire pumps, and accessories; turnout gear for the Blairstown and Hope Fire Department, Resurfacing of various roads; Lincoln Laurel road and Road Vacations engineering study	\$ 193,000	06/19/12	6/17/14	6/16/15	1.00%	193,000			193,000
Kerrs Corner Road Work	\$ 180,000	10/15/12	6/17/14	6/16/15	1.00%	180,000			180,000
Lanning Road, Lincoln Laurel Road, Bear Creek Road Improvements, Clerk Recorder, DPW Garage Improvements, Dump Truck, Rec. Facility surveys and studies, Town Hall Septic System, Fire Dept Rescue Tools.	\$ 111,705	6/18/13	6/17/14	6/16/15	1.00%	111,705			111,705
Acquisition of Real Property (100 Acres) B/L 104/10 & 104/10x	\$ 863,550	12/10/14	12/10/14	6/16/15	0.87%		\$ 863,550		863,550
Acquisition of Real Property (2 Acres) and Buildings and Structures B/L 104/10 & 104/10x	\$ 17,100	12/10/14	12/10/14	6/16/15	0.87%		17,100		17,100

\$ 966,708	\$ 880,650	\$ 86,746	\$ 1,760,612
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REF.

C	C-2	C
Current Fund Budget	C-4	75,654
Municipal Open Space Budget	C-4	11,092
		<u>\$ 86,746</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE MUNICIPAL OPEN SPACE TRUST FUND

C-9

	<u>REF.</u>	
Balance December 31, 2013	C	\$ 3,368
Increased by:		
Improvement Authorization Ordinance #2014-12 - Down Payment on Real Property Acquisition	C-7	<u>45,450</u>
		48,818
Decreased by:		
Receipt of Down Payment from Open Space Trust Fund	C-2	<u>48,818</u>
Balance December 31, 2014	C	<u>\$ -</u>

GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY DEP LOAN

C-10

<u>PURPOSE</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/13</u>	<u>INCREASED</u>	<u>BALANCE 12/31/14</u>
Lake and Stream Restoration - Ordinance #07-11	\$ 250,000	12/06/07	6/1/2026	2.00%	\$ 27,184		\$ 27,184
					\$ 27,184	\$ -	\$ 27,184
REF.					C	C-2	C

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE GRANTS FUND

C-11

REF.

Balance December 31, 2013	C	<u>\$ (21,198)</u>
Balance December 31, 2014	C	<u>\$ (21,198)</u>

GENERAL CAPITAL FUND
STATEMENT OF ENCUMBRANCES

C-12

	<u>REF.</u>	
Increased by:		
Improvement Authorization Purchase Orders	C-7	\$ <u>13,510</u> 13,510
Decreased by:		
Purchase Orders Liquidated	C-2	<u> </u> -
Balance December 31, 2014	C	<u>\$ 13,510</u>

PUBLIC ASSISTANCE FUND SCHEDULES

PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

E-1

	<u>REF.</u>	<u>P.A.T.F.</u> <u>#1</u>	<u>P.A.T.F.</u> <u>#2</u>	<u>FUND</u> <u>TOTAL</u>
Balance December 31, 2013	E	<u>-</u>	<u>\$ 554</u>	<u>\$ 554</u>
Increased by Receipts:				
Interest				-
Local Contribution				-
State Aid		<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts		<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>554</u>	<u>554</u>
Decreased by Disbursements:				
Public Assistance - 2014		<u>-</u>	<u>343</u>	<u>343</u>
Total Disbursements		<u>-</u>	<u>343</u>	<u>343</u>
Balance December 31, 2014	E	<u>-</u>	<u>\$ 211</u>	<u>\$ 211</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
DECEMBER 31, 2014
SCHEDULE OF ADDITIONS AND RETIREMENTS

F-1

	<u>BALANCE</u> <u>12/31/13</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/14</u>
General Fixed Assets:				
Land	\$ 334,702	\$ 918,463		\$1,253,165
Buildings	922,103			922,103
Machinery and Equipment	<u>2,253,096</u>	<u>16,499</u>	<u>-</u>	<u>2,269,595</u>
Total General Fixed Assets	<u>3,509,901</u>	<u>934,962</u>	<u>-</u>	<u>4,444,863</u>
 Investment In General Fixed Assets	 <u>\$3,509,901</u>	 <u>\$ 934,962</u>	 <u>-</u>	 <u>\$4,444,863</u>

**PART III
SUPPLEMENTARY INFORMATION**

General Comments

**Report on Internal Control over Financial Reporting
and Compliance and Other Matters based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Schedule of Federal/State Awards

Status of Prior Audit Findings

Schedule of Findings and Responses

GENERAL COMMENTS

Scope of Audit

The audit of the financial statements of the Township of Frelinghuysen, County of Warren, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and the records of the various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement 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 to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2011, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$36,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

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

The Minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.40A:11-5.

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 determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "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 N.J.S.40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method of 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 2, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes.

RESOLUTION 2014- RESOLUTION OF THE TOWNSHIP OF FRELINGHUYSEN, COUNTY OF WARREN, STATE OF NEW JERSEY, FIXING THE RATE OF INTEREST TO BE CHARGED ON DELINQUENT TAXES OF THE ASSESSMENTS

"**WHEREAS**, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and,

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500. of the delinquency and 18% per annum on any amount in excess of \$1,500. and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000. on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of the Township of Frelinghuysen, County of Warren, State of New Jersey as follows:

The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500. of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500. becoming delinquent after due date and if a delinquency is in excess of \$10,000. and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

Effective January 1, 2014, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

Any payments not made in accordance with paragraph two of this resolution shall be charged interest from due date as set forth in paragraph one of this resolution."

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body included in the above resolution, provisions enabling the \$10,000. delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2014, include only real property items on the 2011, 2012, 2013 and 2014 tax levies.

The last tax sale was held in December 18, 2014 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2014	10
2013	9
2012	10

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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of November 11, 2014. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax				
Date of Circulars - November 11, 2014				
Verification Type	Request Form	Total No. of Items	Total No. of Circular	Total No. Returned
2014 Property Tax	Positive	1,456	60	26
2015 Property Tax	Positive	1,456	60	26
2014 Delinquent Tax	Negative	676	25	9

Technical Accounting Directives

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Frelinghuysen to these new directives are as follows:

<u>Requirement</u>	FY 2014 Required <u>Implementation</u>	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

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

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2014</u>	<u>%</u>	<u>YEAR 2013</u>	<u>%</u>
Fund Balance Utilized	\$ 306,052	3.95%	\$ 201,938	2.63%
Miscellaneous - From Other Than				
Local Property Tax Levies	502,286	6.49%	575,965	7.50%
Collection of Delinquent Taxes and				
Tax Title Liens	176,850	2.28%	193,700	2.52%
Collection of Current Tax Levy	<u>6,759,063</u>	<u>87.28%</u>	<u>6,706,858</u>	<u>87.35%</u>
Total Income	<u>7,744,251</u>	<u>100.00%</u>	<u>7,678,461</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:

Municipal Purposes	1,019,995	13.77%	861,102	11.83%
County Taxes	2,279,797	30.77%	2,343,133	32.20%
Local and Regional Taxes	4,046,207	54.62%	3,985,840	54.77%
Municipal Open Space Tax	58,809	0.79%	58,816	0.81%
Other Expenditures	3,176	0.04%	24,575	0.34%
Interfund Advances	<u>-</u>	<u>0.00%</u>	<u>3,714</u>	<u>0.05%</u>

Total Expenditures	<u>\$7,407,984</u>	<u>100.00%</u>	<u>\$ 7,277,180</u>	<u>100.00%</u>
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Excess in Revenue	336,267		401,281	
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Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute

Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>671</u>	
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Statutory Excess To Fund Balance	336,267		401,952	
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Fund Balance January 1	452,112		252,098	
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Less:

Utilization as Anticipated Revenue	<u>306,052</u>		<u>201,938</u>	
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Fund Balance December 31	<u>\$ 482,327</u>		<u>\$ 452,112</u>	
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Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.388</u>	<u>\$2.351</u>	<u>\$2.221</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	0.206	0.177	0.174
Municipal Open Space Tax	0.020	0.020	0.020
County	0.779	0.797	0.730
Local School	0.644	0.628	0.655
Regional High School	0.739	0.729	0.642

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2014	\$292,609,129
2013	\$293,755,674
2012	\$293,136,765

Comparison of Tax Levies and Collection 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.

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2014	\$6,995,178	\$6,759,063	96.62%
2013	\$6,910,776	\$6,706,857	97.04%
2012	\$6,520,520	\$6,332,825	97.12%

Delinquent Taxes and Tax Title Liens

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

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	\$109,300	\$203,144	\$312,444	4.47%
2013	\$93,441	\$175,206	\$268,647	3.89%
2012	\$85,037	\$179,816	\$264,853	4.06%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2014	\$418,700
2013	\$418,700
2012	\$418,700

Comparitive Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Regular</u>	Utilized <u>In Budget of Succeeding Year</u> <u>Defer School Tax</u> (C.63, P.L.1991)
2014	\$ 482,327	\$ 316,202	NONE
2013	\$ 452,112	\$ 270,288	NONE
2012	\$ 252,098	\$ 201,938	NONE
2011	\$ 278,427	\$ 278,000	NONE
2010	\$ 567,823	\$ 351,000	NONE
2009	\$ 567,823	\$ 468,828	NONE

Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
David C. Boynton	Mayor		
Frank Desiderio	Committeeperson		
Chris Kuhn	Committeeperson		
Chris Stracco	Committeeperson		
Alan DeCarolis	Committeeperson		
Brenda J. Kleber	Clerk; Board of Adjustment Secretary; Welfare Director		
Donna Van Tassel	Collector; Tax Search Officer	\$1,000,000	Municipal Excess Libility Joint Insurance Fund

Officials in Office and Surety Bonds (Continued)

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Danette Dyer	Certified Municipal Finance Officer	\$1,000,000	Municipal Excess Liability Joint Insurance Fund
Rita Bernstein	Planning Board Secretary		
David Gill	Assessor		
George Boesze	Zoning Officer		
Richard O'Connor	Construction Official		
Edward Wacks	Solicitor		

The minimum bond coverage for the Tax Collector based on prior year tax levies is as follows:

<u>Year</u>	<u>Tax Collector</u>
2014	\$96,777

There is a public employees' blanket bond in the amount of \$1,000,000 provided by the Municipal Excess Liability Joint Insurance Fund for coverage of those positions not otherwise bonded by statute.

All the bonds were examined and were properly executed.



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**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

The Honorable Mayor and
Members of the Township Committee
Township of Frelinghuysen
County of Warren, New Jersey
210 Main Street
Johnsonburg, New Jersey 07825

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Township of Frelinghuysen in the County of Warren, State of New Jersey, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Township of Frelinghuysen's basic financial statements, and have issued our report thereon dated April 13, 2015, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

-Continued-

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township'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.

ARDITO & CO., LLP



Frenchtown, New Jersey
April 13, 2015



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
April 13, 2015

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

K-4

STATE GRANTOR/PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/13	RECEIPTS		DISBURSEMENTS		CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/13
						PROGRAM	OTHER	PROGRAM	OTHER	
Department of Community Affairs										
Small Cities Housing Rehabilitaion	8020-210-022922-60	\$150,952	1995	A	\$ 152,338					\$ 152,338
Recycling Tonnage	N/A	276	2004	A	177					177
Recycling Tonnage	N/A	500	2007	A	500					500
Recycling Tonnage	N/A	737	2008	A	556					556
Recycling Tonnage	N/A	2,480	2011	A	2,480					2,480
Recycling Tonnage	N/A	1,254	2012	A	1,254					1,254
Recycling Tonnage	N/A	1,241	2014	A		\$ 1,241				1,241
SLAHEOP	N/A	2,406	2004	A	2,406					2,406
Stormwater Grant	N/A	5,000	2005	A	780					780
Stormwater Grant	N/A	5,000	2006	A	1,947					1,947
Municipal Alliance	N/A	2,481	2014	A		2,481		\$ 899		1,582
Municipal Alliance	N/A	3,548	2013	A	3,548			3,548		-
Municipal Alliance	N/A	3,548	2012	A	465			465		-
Department of Environmental Protection										
Clean Communities Grant	4900-765-178910-60	8,188	2013-2014	A	4,987	8,188		9,045		4,130
Green Comm Ph II NJDEP		3,000	2009	A	3,000			3,000		-
Department of Transportation										
NJ Transportation Fund Authority Act:										
Kerrs Corner Road		160,000	2010	A	-					-
Kerrs Corner Road - Phase II		150,000	2011	A	33,100					33,100
Division of Motor Vehicles										
Municipal Court Grant - Alcohol	4250-760-050000-63-260	1,782	2003	A	289					289
Municipal Court Grant - Alcohol		350	2004	A	350					350
Department of Human Services										
Public Assistance				E	554	-	-	343		211
Other Aid										
ANJEC Grant		3,500	2008	A	1,530					1,530
Warren County Polution Control		5,000	2007	A	2,131					2,131
Forest Management Grant		6,950	2011	A	-					-
Walmart Grant		10,000	2011	A	2,332					2,332
Highlands Grant		15,000	2010	A	(14,593)					(14,593)
TOTAL STATE ASSISTANCE					\$ 200,131	\$ 11,910	-	\$ 17,300	-	\$ 194,741

Note: This Schedule was not subject to an audit in accordance with NJOMB Circular 04-04.

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF FRELINGHUYSEN

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2014

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Township of Frelinghuysen. The Township of Frelinghuysen is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. However, these schedules were not subject to an audit in accordance with OMB Circular A-133 or NJOMB Circular 04-04.

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

NONE

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2014

Summary of Auditor's Results

The Township prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The audit did not disclose any material weaknesses in the internal controls of the Township.

The audit did not disclose any noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2014 as grant expenditures were less than the single audit thresholds of \$500,000, identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Finding

None